Nuclear weapons

Bombs away: the fight against proliferation

Page 11

British MPs for hire

Slimmer days on the gravy train

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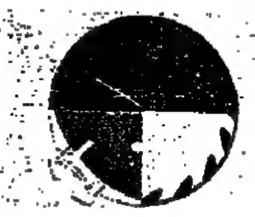


Worth watching

Model helicopters and crystal data storage

Technology, Page 8

TOMORROW'S **Weekend FT**

A week in the Louvre

FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY AUGUST 5 1994 — D8523A

Restructuring hits Rhône-Poulenc's first-half results

French chemicals and pharmaceuticals group Rhône-Poulenc should achieve a significant increase in net profits this year, despite a 69 per cent fall in results for the first six months to FFr337m ($62.9m), Jean-René Fourtou, chairman, said. The main first-half hit came from restructuring charges. Page 13

Spanish fishermen to continue attacks: Spain's tuna fishermen said they would continue their hit and run tactics against rival EU fleets allegedly using illegal, oversized drift nets to land their catch. Page 12

Mickey Mouse scores a victory in China

After a year-long lawsuit brought by US entertainment group Walt Disney, a Beijing court ruled that Mickey Mouse's image could not be pirated by Chinese companies. Disney said: "We're delighted. It shows that China is responding to the interests of the west in protecting intellectual copyrights." China has vowed to crack down on piracy as part of its attempts to court support for its return to the General Agreement on Tariffs and Trade, which it left more than 40 years ago. Page 12

Charge affects Zeneca's results: A £100m ($155m) restructuring charge at Zeneca cut the UK bioscience group's first-half pre-tax profits by 3 per cent to £351m. Page 13; Lex, Page 12

Toyota's Nippondenso expects profits rise: Nippondenso, the Toyota affiliate which is Japan's biggest car part maker, expects its first profits upturn in four years as a stringent cost-cutting programme offsets a continuing decline in sales. Page 13

CRH buys four US businesses: Dublin-based international construction and building materials group CRH announced four acquisitions in the north-eastern US costing $66.4m cash. Page 18

US and North Korea to resume talks: The US and North Korea meet again in Geneva today to discuss inspections of Pyongyang's nuclear programme in exchange for possible US diplomatic ties and economic aid. Page 3

China charges businessman: Chinese-Australian businessman James Peng was charged at a Shenzhen court with embezzling $1.4m from a Chinese bank, nine months after he was detained. If found guilty, he could face the death penalty. Page 3

Sports arena sale boosts Molson earnings: Diversified Canadian brewer Molson lifted net earnings by a third to C$49.2m (US$35.6m), due to a one-time gain from the sale of a Toronto ice-hockey arena. Page 15

Consultancy costs could be cut by £130m: The UK government could save £130m ($201m) over a three-year period if Whitehall departments adopted better methods of using external consultants, a Cabinet Office Efficiency Unit report says. Page 6

Glynwed ahead by 59%: Diversified UK engineering group Glynwed International lifted first half pre-tax profits by 59 per cent to £29.1m ($45.1m) as five of its six main operating divisions showed an increase at the operating level. Page 19

TI gains from strong demand: Strong demand for automotive components and sealing systems helped TI Group, UK specialist engineering and aerospace company, raise half-year pre-tax profits 11 per cent to £69.8m ($108.2m). Page 14; Lex, Page 12; Eyes on the horizon, Page 19

BA pilots call for bigger stake in airline: British Airways pilots may seek to increase employee share ownership in the UK carrier. The move coincides with proposals at USAir, in which BA holds a 24.6 per cent stake, for employees to take a 25 per cent stake in the company. Page 13

UK attacks 'pyramid' companies: The UK Department of Trade and Industry is clamping down on "pyramid" companies supposedly structured in a way to generate money-for-nothing for their investors. Page 6

British traders understate VAT: More than half of British traders are underdeclaring the amount of value added tax they owe, the House of Commons public affairs committee said in a report that strongly criticised the performance of Customs and Excise. Page 6

■ STOCK MARKET INDICES		
FT-SE 100:	3,150.5	(-9.9)
Yield	3.98	
FT-SE Eurotrack 100	1,469.38	(-5.69)
FT-SE-A All-Share	1,576.85	(-0.1%)
Nikkei	20,676.84	(+44.11)
New York: lunchtime		
Dow Jones Ind Ave	3,782.30	(-10.36)
S&P Composite	460.20	(-1.26)

■ US LUNCHTIME RATES	
Federal Funds:	4¼%
3-mo Treas Bills: Yld	4.397%
Long Bond	86⅜
Yield	7.376%

■ LONDON MONEY		
3-mo Interbank	5⅝%	(5⅞%)
Liffe long gilt future	Sep 102⅞	(Sep 102⅜)

■ NORTH SEA OIL (Argus)		
Brent 15-day (Sep)	$18.58	(18.61)

■ GOLD		
New York Comex (Sep)	$378.5	(383.1)
London	$378.2	(378.7)

■ STERLING		
New York lunchtime:		
$	1.59825	
London:		
$	1.5391	(1.5399)
DM	2.4333	(2.4317)
FFr	8.3234	(8.3107)
SFr	2.0531	(2.054)
Y	154.213	(154.28)
£ Index	79.3	(same)

■ DOLLAR		
New York lunchtime:		
DM	1.58625	
FFr	5.4285	
SFr	1.338	
Y	100.325	
London:		
DM	1.581	(1.5792)
FFr	5.4081	(5.3969)
SFr	1.334	(1.3339)
Y	100.2	(100.175)
$ Index	63.5	(same)

Tokyo close Y 100.19

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
[illegible]	Lev80.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL60
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.50	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal(mainland)	Esc225	Turkey	L30000
						UAE	Dh12.00

German recovery hopes rise

Jobless and manufacturing orders figures fuel optimism for a broad-based upturn

By Christopher Parkes in Frankfurt and Quentin Peel in Bonn

A rise in manufacturing orders and a sharp fall in unemployment yesterday reinforced the belief that a broad-based recovery is under way in west Germany.

There were also signs that the erosion of jobs in the east was coming to a halt, according to Mr Bernhard Jagoda, president of the federal labour office.

Seasonally adjusted for the effects of the summer lull, west German unemployment fell 18,000. This was the second successive monthly decline after 2½ years of increases, and the biggest drop since the early spring of 1991. June data showed an adjusted fall of 4,000.

Provisional figures for manufacturing orders in west Germany were also better than expected, showing a fully adjusted 2.2 per cent rise in volume in June over May, and an 8.5 per cent increase against June 1993.

The latest economic statistics coincided with an upward revision in the economic growth forecast of the Munich-based Ifo institute. Thanks to the steady recovery in demand, it is expecting pan-German growth of 2 per cent this year, against a former figure of 1.5 per cent, and 3 per cent in 1995.

Although the number of people out of work in the west rose an unadjusted 92,600, this partly reflects school-leavers joining the labour market. Another hopeful sign was a 34 per cent rise in the number of vacancies in manufacturing industry in the west to 58,000.

In east Germany, the unadjusted jobless figure rose by 19,000. The pan-German unadjusted jobless total of 3.7m pushed the unemployment rate from 8 per cent to 8.3 per cent in the west and from 14.8 per cent to 15.1 per cent in the east.

Economic analysts agreed with Mr Jagoda's assessment that the figures indicated further stabilisation in the labour market after three years of heavy job losses. They were also encouraged by the better-than-expected manufacturing orders.

A 1.4 per cent month-on-month rise in domestic demand was seen as fresh evidence that the recovery – initially fuelled by exports – was taking hold in the home market. Domestic orders for plant and machinery rose 2.9 per cent, supporting opinions that capital investment is speeding up.

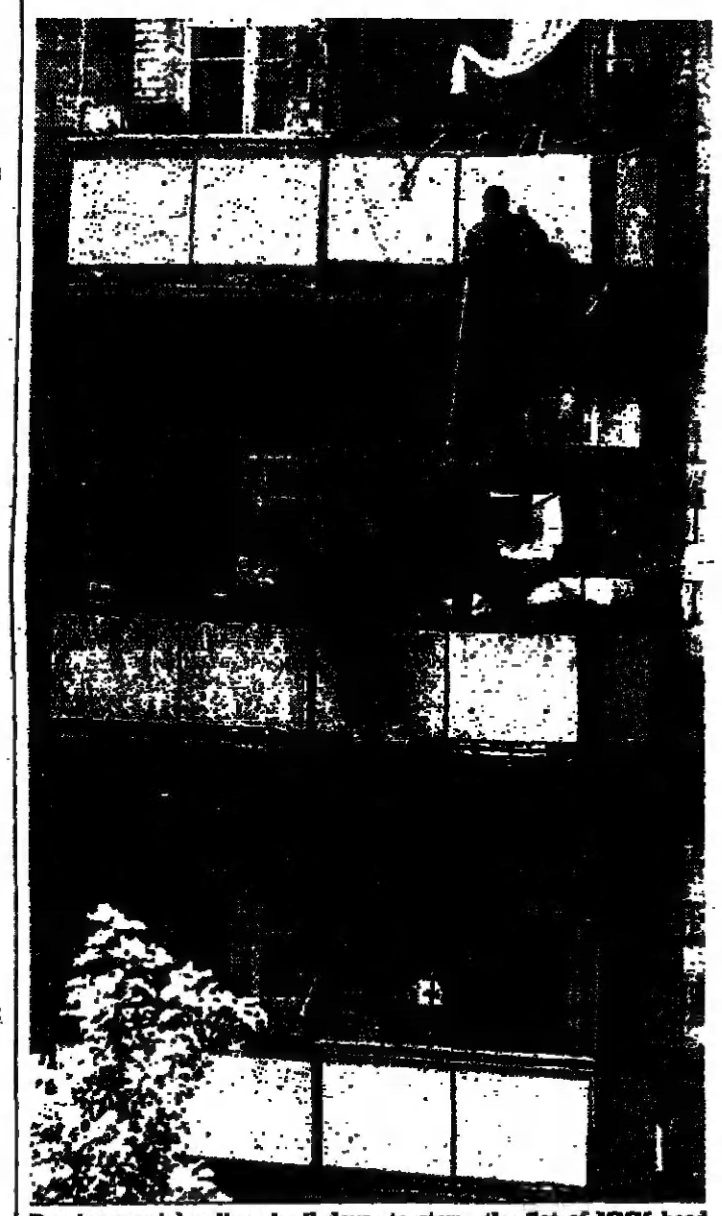
Overall foreign demand remained strong, rising 3.6 per cent during the month. The improvement followed small month-on-month declines in total orders in April and May which had interrupted the steady upswing that started in January. However, in spite of the fluctuations, the rising trend appears established.

Compared with a year earlier, total orders were up 8.5 per cent in May and June, with domestic bookings 5.5 per cent higher and foreign demand up 14 per cent. Ifo stressed in its latest economic report that although export orders had started the recovery process, steadily improving business expectations had also contributed to a clear recovery in investment spending.

Ifo also said real disposable incomes would continue to be squeezed in west Germany in 1994 and 1995 – forecasting a real decline of 2.5 per cent this year and 3.5 per cent next. Even in east Germany, where wages have been rapidly catching up on western levels, a drop of 0.5 per cent can be expected next year, it said.

Financiers fear crisis may lead to strict state regulation of the stockmarket

MMM fund president arrested in Moscow raid



Russian special police abseil down to storm the flat of MMM head Sergei Mavrodi, in the first legal action against the troubled fund Reuter

By Chrystia Freeland in Moscow

The conflict between Russian authorities and the shaky MMM investment fund grew yesterday when police arrested the fund's president, Mr Sergei Mavrodi, after a dramatic raid on his apartment in central Moscow.

The company froze its operations across Russia after armed tax police broke into the eighth-floor apartment of the elusive Mr Mavrodi, 38, through a balcony door after abseiling from an upper floor of the building. Earlier, he had refused to allow tax authorities into his home and barricaded himself behind its metal door together with his armed bodyguards.

Russia's chief tax inspector said yesterday that criminal proceedings have begun against Mr Mavrodi, who is suspected of illegally concealing profits from the state. The dramatic raid on his home was the first legal action against the MMM pyramid fund, which began to topple 10 days ago after a government warning triggered a run by investors.

"The government has declared a war on us," Mr Mavrodi was reported to have told the Interfax news agency. A crowd gathered outside his apartment building last night, with calls of "hands off Mavrodi", while police searched his home. Television commercials for his fund were still being aired last night.

Yesterday's public show of state force is an apparent effort by the government to appease the millions of MMM shareholders who have seen the value of their holdings plunge over the past two weeks.

But Russian financiers fear that the state's strong-arm tactics will extend to tightening regulation of the stockmarket, a measure which western and Russian bankers say could thwart the growth of the country's immature, but developing financial system.

Shares are avidly traded in Russia and domestic capital is rapidly accumulating, but the country has no central stock exchange and government legislation is erratically enforced, as highlighted by the MMM case.

"I am very afraid that in the wake of the MMM crisis there will be a movement toward strict state regulation of the stockmarket," said Mr Andrei Volgin, president of Adamant, one of Russia's leading financial companies.

A leading reformer in the Russian government, Mr Dmitri Vasiliev, deputy head of the Russian state privatisation body, also spoke out against stricter government regulation. He said one way to reduce the popularity of pyramid schemes was to offer pent-up Russian capital more sound investment opportunities by speeding up privatisation.

Russia's small but increasingly sophisticated banking elite argues that the MMM scandal was one of the inevitable growing pains of the transition to a market economy. "The MMM scandal will not be the last one in Russia," Mr Volgin said. "Russian investors must suffer painful personal setbacks before they learn you can't spin money out of air. You can't fight this sort of ignorance with laws."

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Britain's Department of Trade and Industry is clamping down on "pyramid" companies supposedly structured in a way to generate money-for-nothing for their investors.

In an indication that pyramid schemes are not just a feature of economies where capitalism is a novelty – like the collapsed MMM in Russia and Caritas in Romania – the DTI said it had wound up four such companies in the past month.

Report, Page 6

Kidder report blames Jett in 'profits for bonuses' scandal

By Richard Waters in New York

Kidder Peabody yesterday tried again to put behind it the trading scandal which has dogged the company since April with publication of what it said was the full version of an investigation it had commissioned into the affair.

The report pins the blame squarely on Mr Joseph Jett, the government bond trader who Kidder has claimed created $350m of fictitious profits in its government bond trading business in order to boost his own performance bonus.

It adds that "lax oversight, as well as poor judgments and missed opportunities" on the part of Kidder executives meant that Mr Jett's false profits were not identified for more than two years.

Mr Jett's lawyer, Mr Kenneth Warner, called the report "predictably one-sided and incomplete," and said his client would be vindicated "when a truly independent investigation is completed".

Mr Jett's sacking in April prompted widespread concern on Wall Street about Kidder's financial health, prompting the parent company, General Electric, to issue an unusual series of statements of support for the firm. The fall-out led eventually to the departure of Mr Michael Carpenter, Kidder's chief executive.

Mr Edward Cerullo, the head of Kidder's fixed income division, which is its biggest business area, also left in recent weeks. The report said Mr Cerullo's supervision of Mr Jett was "seriously deficient," though it adds: "It is clear that he and Jett were not co-conspirators."

Kidder said yesterday it had also sacked Mr Melvin Mullin, the middle-ranking executive directly responsible for supervising Mr Jett until February 1993.

Mr Mullin is criticised in the report for relying on two regular daily reports on trading activity and for not having reviewed the individual trade tickets which carried fuller details of Jett's activities.

The Kidder investigation was carried out by Mr Gary Lynch, who as head of the Securities and Exchange Commission's enforcement division in the 1980s gained considerable publicity for his pursuit of Mr Michael Milken and Mr Ivan Boesky, both of whom were later convicted. Mr Lynch now works for the New York law firm Davis Polk & Wardwell.

Mr Jett has claimed that the disputed trades were carried out at the request of his superiors, and were intended to put a gloss on Kidder's financial position by removing securities from its balance sheet. His trades are understood to have been the subject of investigation by a number of authorities since April, though no charges have been brought.

Mr Jett's supporters have questioned Mr Lynch's objectivity, given that he had already blamed the scandal on Mr Jett before starting his investigation. In April, Mr Lynch signed a letter from Kidder to securities regulators justifying the sacking of Mr Jett for the alleged false profits.

CONTENTS

Belgrade rebukes Bosnian Serbs over peace plan

By George Graham in Washington and Matthew Kaminski in London

Yugoslavia said it would cut its ties with Serb-held Bosnia yesterday in a rebuke for the refusal by the Bosnian Serbs to endorse an international peace plan.

The move, which brought a cautious welcome from the western members of the so-called five nation contact group on Bosnia, is the most determined effort yet by the Serbian leadership in what remains of Yugoslavia to force its kin in Bosnia to end the war and ease the effect of western economic sanctions on Serbia and Montenegro.

Mr Slobodan Milosevic, the Serbian president, called Wednesday's Bosnian Serb rejection of the peace plan, which partitions Bosnia, "senseless and absurd". "They're rejecting peace at the moment ... when their acceptance would bring about the lifting of sanctions against those without whom they cannot exist."

The Bosnian Serb parliament in Pale rejected the peace plan drawn up by the contact group that would have given it 49 per cent of Bosnia-Hercegovina. A referendum on the plan is scheduled for August 27 and 28 but this has been seen as little more than a delaying tactic. Serbs currently hold more than 70 per cent of Bosnia.

Under the new effort to isolate Bosnian Serbs, especially from further arms supplies, the Belgrade government said it would shut its borders with Serb-held territory in Bosnia to all goods except food, medicine and clothing.

Mr Vitaly Churkin, the Russian negotiator for former Yugoslavia, had foreshadowed the move on Wednesday when he said Serbia should not be held to account for Bosnian Serb recalcitrance if it cut ties with the Bosnian Serbs.

The US yesterday welcomed Serbia's announcement but warned that it was still ready to lift the embargo on arms shipments to the Bosnia Moslem

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Police inquiry into Gibraltar 'fraud'

By Jimmy Burns in London, Tom Burns in Madrid, and Ian Rodger in Zurich

Britain's Scotland Yard and Danish police are investigating allegations of a £5.4m fraud linked to a large property development in Gibraltar.

Mr John Blackburn Gittings, the colony's attorney-general, resigned on Wednesday night, 11 months before completion of his three-year term in office, citing difference of views between himself and the governor of Gibraltar, Sir John Chapple. It is understood the resignation follows growing differences of opinion between Mr Blackburn Gittings and the British government. For example, Mr Blackburn Gittings was opposed to the continuation of the fraud investigation, it emerged yesterday.

Although appointed by London, Mr Blackburn Gittings had also acted as legal adviser to ministers in Gibraltar during a period of growing tension between the local government and London.

A criminal lawyer who is unaccustomed to the complexities of colonial politics, Mr Blackburn Gittings is thought to have concluded that conflicts of interest had left him with no alternative but to resign.

There has been a long-running police investigation into alleged irregularities arising out of the multi-million property development financed by Baltica Finans, the Danish finance company. It is understood that the attorney-general had come to the view that police should be told by the British government to call off their investigation because of insufficient evidence.

This is not a view shared by British and Danish police, who have uncovered a series of unusual money transactions and taken evidence from former Baltica employees alleging payments to Gibraltarian ministers.

Britain is meanwhile anxious to be seen within the EU to be adequately supervising the colony's affairs by pursuing any allegations of corruption.

The Spanish government, which claims sovereignty over the colony, has protested that Gibraltar is being used for drug trafficking and irregular money transactions. It is understood that Madrid is worried by what one Spanish official described as an "apparent lack of effective tutelage by London over Gibraltar".

The Swiss Justice Ministry said yesterday it had received requests for legal assistance from the Danish government and the attorney-general of Gibraltar relating to the Baltica affair in the spring of 1993.

The Swiss authorities agreed to provide documentation on accounts held in banks in the northern Swiss towns of Soluthurn, Grenchen and Bern.

Police are investigating whether there are any links between the accounts and a trust in Liechtenstein called the GDP Foundation, which is alleged to have held monies on behalf of the Gibraltar government.

Four Danes, including a former employee of Baltica, are standing trial in Denmark after being charged with defrauding a local construction company, JPC, which was involved in the Gibraltar property development. The charges relate to payments totalling £5.4m.

The former employee has testified that a payment of £250,000 was made to a Gibraltar minister in connection with the property development. A former JPC employees has testified that a further payment of £400,000 was made to the minister.

The Gibraltar government has refused to answer questions relating to the Baltica affair. But the chief minister, Mr Joe Bossano, said: "There are allegations of fraud perpetrated by Danes against Danes involving Danish money. There is no Gibraltarian money involved."

SPD calls for speed limit on autobahns

By Quentin Peel in Bonn

Spurred on by fears of smog in the current heatwave, Germany's opposition Social Democrats have executed a complete U-turn on environmental policy by calling for a strict national speed limit on the roads.

The issue, always regarded as a red rag to speeding road-hogs on the country's unrestricted autobahns, has immediately been taken up as the top theme in the current general election campaign.

The decision to reverse SPD policy was taken at a meeting of state environment ministers with the party leader, Mr Rudolf Scharping, barely two months after he had vetoed an earlier move as electoral dynamite.

In the meantime, the heatwave has caused a series of "ozone alarms" in several federal states because of rising levels of summer smog pollution, and several are planning local speed restrictions to counter the danger.

The SPD is calling for a universal 130km per hour (80mph) maximum speed on all autobahns and country roads, and a limit of just 30km per hour (18mph) in built-up areas.

"We need a speed limit 365 days of the year," Mr Scharping said after his meeting with the SPD environment experts in the Bavarian mountain resort of Garmisch-Partenkirchen, where the temperature topped 30 degrees Celsius. Any other policy would be a "petty patchwork solution".

His personal U-turn caused consternation and amazement among his conservative and liberal opponents, fierce defenders of the theory that the German motor industry produces the best fast cars in the world thanks to their own motorway speed fanatics.

Mr Klaus Kinkel, the foreign minister and leader of the liberal Free Democrats, called the decision an over-reaction. The SPD was using the ozone issue as an excuse to promote "total regulation on German roads", he said.

Mr Klaus Töpfer, the Christian Democrat environment minister, said speed limits did not have a significant effect on ozone levels.

Yet the indication that German opposition to any form of speed limit on the autobahns is weakening will certainly be welcomed in Brussels, and among other EU member states. They have long been baffled by Germany's ability to demand tough limits on exhaust emissions, and yet refuse flatly to impose any speed limits on the autobahns, which the European Commission says would make a big contribution to cutting car pollution.

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Pressure mounts on Irish coalition

Labour says beef probe has 'serious implications' for partnership, writes John McManus

Goodman (left) whose group was the main recipient of export credits; and Spring (centre) who said responsibility was that of the 'government of the day' rather than just Reynolds (right)

Pressure on Ireland's coalition government continues to mount after comments by the chairman of the junior coalition partner that there are "serious implications for the coalition" in the findings of an inquiry into irregularities in the Irish beef industry.

The remarks by Mr Jim Kemmy, the Labour chairman, have frustrated attempts by Mr Albert Reynolds, the prime minister, and Mr Dick Spring, the deputy prime minister and leader of the Labour party, to play down the importance of the report.

Mr Reynolds, who leads the Fianna Fail half of the coalition, is criticised in the report for his handling of the granting of I£100m (£99m) of export credit insurance for beef exports to Iraq six years ago. Much of the cover went to the Goodman Group, Ireland's biggest beef processor.

The question of Labour remaining in coalition will be discussed this month at a meeting of the parliamentary Labour party, said Mr Kemmy. The Labour chairman added that the assertion by Mr Reynolds that he had been "totally vindicated" by the report "insulted the intelligence of the public".

The inquiry found that Mr Reynolds had the right to grant the credits if he believed it was in the national interest, but also pointed out that "the national interest would also appear to require that before exposing the state to a potential liability in excess of I£100m, a more detailed investigation or analysis of the benefits to the economy of such decisions ... should have been carried out."

Such an investigation might have found that much of the beef which was to be exported under the credit insurance was either not Irish or came from European Union intervention stocks, according to the report. "The benefits to the Irish economy arriving from such exports were illusory rather than real," concluded the chairman of the inquiry, Mr Justice Liam Hamilton.

However Mr Hamilton concluded that there was no evidence that the export credit insurance was granted because of political favouritism. "There is no evidence to suggest that either the *Taoiseach* [prime minister, Mr Charles Haughey] at the time or the minister for industry and commerce [Mr Reynolds] was personally close to Mr Larry Goodman, chairman of the Goodman Group, or that Mr Goodman had any political association with either of them or the party they represented."

Mr Spring has adopted a conciliatory approach after at first issuing a response that implicitly criticised Mr Reynolds. Mr Spring called the whole export credit insurance affair "a major failure of public policy".

But he subsequently identified "the government of the day" as being responsible rather than singling out Mr Reynolds, who was minister for industry and commerce at the time and approved the granting of the export credit insurance. Mr Spring also denied that his criticism of Mr Reynolds would damage the coalition and said that the coalition "has a serious agenda of work ...."

Mr Reynolds said he accepted the findings of the inquiry and looked forward enthusiastically to dealing with them when the Irish parliament was recalled at the end of the month, specifically to discuss the report.

But publication of the report comes at a time when the Labour party is still licking its wounds after a poor showing in the European elections and in opinion polls and many Labour MPs who gained seats in the wave of anti-Fianna Fail sentiments in the 1991 elections are increasingly uncomfortable. The party is also being attacked for supporting the hard line being taken by the management of Team Aer Lingus, the state-owned aircraft maintenance company, with its unions.

Last month, the coalition was embarrassed by revelations that Irish passports were granted to the family of a Palestinian businessman who invested £1m in Mr Reynolds' family business.

The next real test of the coalition's cohesion will be its handling of attempts by the Goodman group to avail of a tax amnesty to settle liabilities uncovered during the tribunal investigations. In the course of the inquiry it was discovered that the Goodman group made tax repayments of more than I£8.5m to its employees between 1983 and 1990.

The company is now trying to settle the liability under a general tax amnesty announced in 1993. The government has chosen to leave it to the revenue commissioners to decide if Goodman qualifies for the amnesty but there is growing public and political pressure on Labour to oppose the granting of the amnesty.

It will not be forgotten that the setting up of the inquiry in 1991 followed the collapse into examinership (administration) of the Goodman Group, when allegations of irregularities by Goodman companies were made in the media and the Irish parliament, including by Mr Spring.

Inquiry uncovers wide abuse of EU subsidies

By Deborah Hargreaves

Mr Justice Liam Hamilton's report into the Irish beef processing industry uncovered widespread and flagrant abuses of the European Union's intervention system and lack of adequate supervision by the Department of Agriculture.

The report criticised lax controls imposed by the agriculture department on the intervention system for buying up beef from farmers, and recommended that responsibility for managing it be placed with an independent body.

However, the Irish government said that changes introduced in recent years to the way intervention is run would address some of the weaknesses cited in the report.

The EU's system of intervention was set up as a safety net for farmers by guaranteeing minimum prices for meat and other farm commodities. The system became deeply embedded in the Irish farming economy, which produces seven times more beef than it consumes, with, until recently, 75 per cent placed in intervention stores.

Beef bought into intervention is kept in cold storage until it can be sold in the EU or exported to third countries – often with the help of export refunds to cover any discrepancy in price.

But the system is open to abuse as it is managed in many countries at a local level with ad hoc inspections. The Irish beef tribunal found that officials from the Goodman group's international arm consistently misreported weights of beef used at boning plants in Dublin and Waterford.

By reporting higher weights than were actually used, the group was able to claim substantially higher export refunds. On one occasion in 1986, the report cites the advancement of I£2.3m (£2.27m) in export refunds for 70,000 cartons of beef, while it was found that part of the meat did not exist and that 6,800 cartons had had their weight increased by 3.8kg each.

At the same time, Goodman had been able to export significant amounts of non-Irish beef from intervention stores to Iraq in return for export credit guarantees from the Irish government.

Mr John Donelly, president of the Irish Farmers' Association, said the beef industry had worked hard at developing markets overseas and that not a pound of beef had been placed in intervention for the past year.

Irish farmers are hoping to exploit openings left by the additional restrictions placed on British beef exports because of mad cow disease.

Reforms of the common agricultural policy have aimed to curtail the growth of intervention by reducing minimum prices.

OBITUARY: GIOVANNI SPADOLINI

Italian statesman who broke political mould

Mr Giovanni Spadolini, the Republican politician and intellectual who was one of the leading figures in post-war Italy, died in a Rome hospital yesterday aged 69.

Politicians from all parties paid tribute to his career as Republican politician, contemporary historian, newspaper editor and latterly as *bon vivant* elder statesman.

His body was brought to lie in state in the Senate, where he was a life senator and speaker from 1987 until this year.

Mr Spadolini was the first prime minister from outside the Christian Democrat party in the post-war republic. He was appointed in 1981 to head a five-party coalition after Italy's political establishment was shaken by the scandal of the P2 secret masonic lodge, a parallel power structure controlled by the shadowy figure of Mr Licio Gelli. His strong personality held the coalition together for 405 days before being reshuffled. It then lasted another 82 days.

Three times a minister in different governments, he latterly played an important role as speaker of the Senate, enlivening debate with his erudition and crusty humour. After the March general elections he challenged the new Berlusconi government to retain the speaker's post, losing by a single vote.

Giovanni Spadolini before becoming premier in 1981. He was the first post-war PM from outside the Christian Democrats Reuter

Mr Spadolini was born in Florence and began his public life as an academic teaching contemporary history, subsequently producing more than 60 books, mostly on this subject. He switched to journalism and at 30 became the editor of Il Resto di Carlino. After 13 years on the central Italian daily newspaper he moved to edit the prestigious Corriere della Sera.

He always regarded himself as an intellectual on loan to the world of politics and entered politics comparatively late, in 1972, being elected as an independent senator in the Republican lists. Mr Spadolini took on the leadership of the Republican party in 1979 on the death of Mr Ugo La Malfa and held the post for eight years.

His death will be a great loss to the Republicans who are struggling to find a role in Italy's fast-evolving political landscape.

Robert Graham

Yeltsin dismisses draft law to build up oil investment

By John Lloyd in Moscow

Ponderous Russian efforts to write a law to create a transparent legal basis for foreign investment in the oil sector received a setback yesterday when President Boris Yeltsin made clear he would oppose a draft law being prepared by parliament.

Mr Yeltsin told the state duma, or lower house of parliament, that the oil and gas law due to pass through the house after the recess contravened the constitution and showed an "anti-reform approach".

His objections – though aimed at making the law more liberal and welcoming to investment by foreign oil companies – is likely to stall the legislation.

Major oil companies see a clear legal basis as critically important for their investments – and for the Russian oil industry, whose output is declining rapidly. One senior oil industry executive in Moscow said yesterday: "We must have an oil and gas law. Individual production sharing agreements are not enough."

There are signs of Russia's energy resources being opened up to foreign companies, notably in the signing of an agreement with a US-Japanese-Anglo/Dutch consortium to prospect a block of oil and gas reserves off Sakhalin in the Far East. But adoption of a reliable framework and smoothing of bureaucratic obstacles are still fraught with problems. Different layers of government and the various oil-producing enterprises differ among themselves on the desirability of foreign investment and the terms on which it could be accepted.

Mr Yeltsin's objections, backed by Mr Victor Chernomyrdin, prime minister, were sent to the chairman of the duma, Mr Ivan Rybkin, a month ago. The four pages of objections amount to a rejection of the draft law as a whole. Mr Yeltsin says "the contents of the draft law cannot be improved in quality by the adoption of certain amendments to it".

The president's letter focuses on clauses in the law which attempt to prescribe actions for, or restrict the rights of, already privatised companies in the energy field – such as the gas monopoly, Gasprom – or which interfere with the rights of the licensees, including foreign licensees. Mr Yeltsin argues that existing legislation, especially a law on subsoil, specifies rights and obligations clearly enough to make new laws redundant.

Mr Yeltsin's dismissal of the draft law, and his evident reluctance to propose an alternative, suggests he would prefer this area, as others, to be regulated by his decree.

EUROPEAN NEWS DIGEST

Sweden rebukes Russia over spy

Sweden yesterday withdrew permission for Russia to post a military attaché in Stockholm and protested strongly to Moscow for continuing to employ a Swedish spy originally recruited by the Soviet intelligence services. Senior officials said Mr Stig Bergling, a Soviet double agent who escaped from a Swedish jail in 1987 but who returned home unexpectedly this week, had served as an officer in the GRU military intelligence services in Lebanon until recently. They accused the Russian authorities of denying knowledge of Mr Bergling to Swedish officials – including Mr Carl Bildt, the prime minister.

"This shows that the structures and thinking of the old era are still alive in Russia," Mr Bildt said. "They ought to have admitted what happened in a democratic spirit." The prime minister added, however, that the case posed no threat to links between Sweden and Russia. Mr Bergling's sudden reappearance revived Sweden's most serious, and embarrassing, cold war spy scandal. Although neutral, Sweden has always had a strong military which, recent revelations show, has had contacts with US and Nato forces. As a senior security services officer, Mr Bergling apparently passed on information on Sweden's military planning. He was jailed for life in 1979 after being caught by Israeli agents but escaped. *Hugh Carnegy, Stockholm*

Forint devalued in Hungary

Hungary has abandoned its policy of gradual currency depreciation by ordering an 8 per cent devaluation of the forint, effective today. The authorities said the devaluation, the largest in more than three years, was to compensate for the loss of competitiveness. The central bank had maintained a policy of appreciation in real terms of the forint to damp inflation but the strong currency, compounded by drought and west European recession, led to an export drop of 17 per cent in 1993 and a current account deficit of $3.46bn, or 10 per cent of GDP. Many banks, particularly western-owned ones, have braved out the central bank's increase of the key overnight repo rate to 31 per cent. Foreign exchange dealers estimate that banks maintained open positions of about Ft20bn-Ft25bn ($200m-$250m), on which they now stand to make windfall profits at the expense of the central bank. Western joint ventures which swapped hard currency into forint borrowings and advanced imports are also well placed to gain. *Nick Denton, Budapest*

Top general angers Kremlin

A top Russian general who supports military dictatorship and backs a muscular role for the Russian army in the former Soviet republics is set to lose his job, military officials said yesterday. The predicted removal of Gen Alexander Lebed, commander of Russian forces in the break-away Transdnestr region of Moldova, suggests the Kremlin is seeking to remove hardliners from the military. Col Mikhail Bergman, a close ally of Gen Lebed, said yesterday that the 14th army which the general commands is to be disbanded, a move which would automatically deprive Gen Lebed of his job. However, other Russian military officers denied that Gen Lebed was being forced out and said that although some reorganisation of the 14th army was planned it would not to be disbanded entirely. Relations between Gen Lebed, who has said he will not stay in the military if he is removed from his post, and the Kremlin reached a nadir last month after the general told Izvestia, the Russian daily newspaper, that Russia invited attack through its military weakness and described all Russian politicians, including President Boris Yeltsin, as "minuses". *Chrystia Freeland, Moscow*

Austrian pledge on private TV

Austrian Chancellor Franz Vranitzky pledged yesterday to bring in, after general elections on October 9, a law allowing private television channels to operate in the country. The Social Democrats and their junior partner in the governing coalition, the conservative People's party, are expected to win the elections, handing Mr Vranitzky a third term as chancellor. Austria is one of the few countries in east or western Europe not to permit private television stations to operate on its territory, although cable television is allowed; its two state television channels, ORF1 and ORF2, are often criticised for being staid. Mr Vranitzky did not say how many commercial stations would be permitted or whether foreign-owned companies would be allowed to bid for licences. *Reuter, Vienna*

Greek flight safety warning

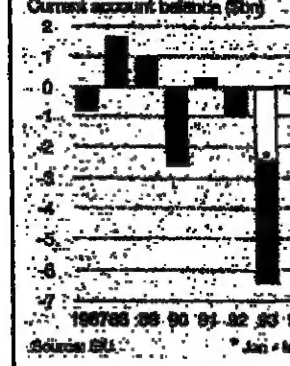
Greek air traffic controllers, whose five-month go-slow has caused long delays in aircraft arrivals and departures, have said they cannot guarantee the safety of flights. After a union meeting, at which the controllers voted to continue with their work-to-rule protest in pursuit of higher pay and a more modern air traffic control system, an official said "the safety level of flights is at a critical point" and that employees were not responsible for this. However, a Transport Ministry official warned the government could force the controllers to return to their normal work rate. News reports have speculated that this might mean putting them under Defence Ministry jurisdiction, which makes it illegal for them to strike. *Associated Press, Athens*

French air strike appeal

Airlines at France's Nice airport, angered by disruption caused by a handful of flight controllers, called on authorities yesterday to intervene to end the 11-day-old dispute. Strikes and go-slows by the 11 flight controllers in the southern French city of Aix-en-Provence have disrupted heavy holiday traffic in western Europe. About 30 of the 43 French and foreign airlines serving the Riviera airport wrote jointly urging the Civil Aviation Board to resolve the dispute over working conditions. Airline officials said some companies might have to alter flight plans until the end of the holiday season if the disruption continued. Aix-en-Provence, one of France's five air control centres, normally handles 2,400 flights a day in peak periods. Flight delays at Nice airport were down to one hour yesterday from three hours on Wednesday. *Reuter, Nice*

ECONOMIC WATCH

Turkish current account boost



Turkey's current account surplus rose to $581m (£374.8m) in May, from $342m in April and a $486m deficit a year earlier. The central bank said the January-May deficit fell to $190m from $2.37bn in the comparable period of 1993. Imports fell 19.9 per cent, gold imports declined 83 per cent, while export revenues remained steady in the period.

■ Production bottlenecks and capacity utilisation rates rose sharply in French industry in the three months to July. The percentage of companies reporting bottlenecks in Insee's July quarterly survey was 22 per cent against 12 per cent in April and 8 per cent in January. Utilisation rates across industry hit 83.2 per cent in July compared with 81.8 per cent in April and 81 per cent in January.

■ Czech industrial output grew 3.3 per cent in June against the same month in 1993, the Czech statistical bureau said. Overall industrial production for the first half year was 0.8 per cent up on the 1993 period, with production in the construction sector 6.7 per cent higher.

Businessman put on trial in China

By Louise Lucas in Hong Kong

Mr James Peng, a Chinese-Australian businessman, was charged with corruption, at a Shenzhen court yesterday, nine months after he was detained, the Hong Kong China News Agency said. If found guilty, he faces a minimum prison term of 10 years and possibly the death penalty.

"The people's procuratorate of Shenzhen City has finished the investigation of Peng Jiandong (his Chinese name), the former chairman of Shenzhen Yuan Ye Company," the Beijing-controlled agency said.

Peng: could face death penalty

The charges stated that between February and June 1989 Mr Peng embezzled $1.4m (£915,000) in loans from a Chinese bank.

He is accused of switching the funds, apparently borrowed to finance corporate investments in Australia, to his personal account, using part to pay for his family's emigration to Australia.

His wife, Mrs Lina Peng, says the $1.4m was spent on investment in Australia on behalf of Champaign Industrial Holdings. A textiles, property and trading group and the first Sino-foreign joint venture listed on a Chinese stock exchange, it was formed by converting Shenzhen Yuan Ye into a joint venture controlled by Mr Peng's Panco Industrial, a Hong Kong-registered private company.

"The investment made on behalf of Champaign had nothing to do with the Peng family emigration to Australia, which took place subsequently. Mr Peng emigrated on the strength of his personal funds and these were not part of the $1.4m," Mrs Peng added.

She has urged the Australian government to ensure her husband (who has not been allowed to hire a lawyer nor been given any opportunity to defend himself) has a fair trial in China.

Mr Peng's plight began last October, when he was picked up from the Mandarin Oriental Hotel in Macao by police and handed over to the Chinese police. Canberra has raised the case with Mr Qian Qichen, China's foreign minister, and Vice-Premier Zhu Rongji.

Mr Peng appears to have attracted government attention through his business dealings. In early 1992, after an abortive attempt to sell Panco (then the owner of about 51 per cent of Champaign), Mr Peng was negotiating with the Shenzhen office of the People's Bank over the sale of nearly half of Panco's interest in Champaign. Mr Peng says these talks were called off by the Shenzhen government and, subsequently, the central bank.

Champaign's bank accounts were frozen and the People's Bank stated no bank would be allowed to realise its security against Panco's mortgaged Champaign shares, rendering previously-secured loans unsecured and prompting the Industrial and Commercial Bank of China (ICBC) to sue Champaign for recovery of a Yn20m ($1.5m) loan.

Last September a meeting of Champaign shareholders, alleged by Mr Peng to be inquorate, voted to confiscate Panco's shareholding in the company and divide it between Shenzhen Municipal Development (Holdings) and Hong Kong China Project.

France unhappy with allies on Algeria

By David Buchan and Francis Ghilès in Paris

Tactical differences between France and some other western countries over how to react to the worsening Algerian crisis appeared to widen yesterday, as France's interior minister called on the US and Germany to muzzle fundamentalist opponents of the Algiers government on their soil.

Speaking as the bodies of the five French police and consular officials killed in Algiers on Wednesday were returned to France, Mr Charles Pasqua, the interior minister, said it was "desirable" for France, "as it had done in the past", to complain to the US and Germany about representatives of the Islamic Salvation Front (FIS) there "who have sanctioned assassinations, or at least not disavowed them".

Mr Anwar Haddam, a FIS representative in Washington, yesterday denounced France's support of Algeria's "military regime".

In January 1992 the authorities suspended elections that the now outlawed FIS was poised to win.

Mr Pasqua said the Algerian government was "not a model of democracy", but said France would help it in its fight against "terrorism" and that there was no such thing as "good and bad terrorists".

Mr Robert Pelletreau, a senior US state department official, said the killings on Wednesday "only reinforce the concern we have that the [Algerian] government should broaden its political dialogue" to opposition groups that reject violence.

France, like the US, has been urging Algeria's military-led government into dialogue with its moderate opponents. However, it has found itself sucked further into the crisis in its former colony than the US and less able to articulate its policy of reluctant and conditional support for the Algerian government as a "lesser evil" than the creation of a fundamentalist Islamic state across the Mediterranean.

But the steady deterioration in Algeria, with more than 50 foreigners and thousands more Algerians killed, has pushed hardliners to the fore in Algeria and to some extent even in France. The government's call for a national conciliation conference in February was boycotted by moderate opposition parties, while its freeing of a few FIS prisoners only served to push some Islamic groups into more violence as a way of keeping the initiative among their rivals.

Yesterday's Le Monde newspaper suggested that France and the west should use economic aid to Algeria as a lever to force it into political concessions. The problem is the International Monetary Fund which gave Algeria a standby credit in May and the Paris Club which rescheduled its official debt in June are not suited to this kind of political bargaining. Without such help, too, Algeria would have found its entire energy earnings eaten up by debt service. Even the US did not seek to impose political conditions on the IMF and Paris Club accords.

Nigerian general strike suspended

By Paul Adams in Lagos

The Nigeria Labour Congress (NLC) yesterday suspended its general strike to enable the military government to negotiate with union leaders without duress but would resume its action on Monday if opposition leader Mr Moshood Abiola is not released.

Oil workers, however, who have forced a 20 per cent cut in Nigerian production over the past week, are set to continue their action.

Although it has been reluctant in the past 12 months to confront the government, the NLC last week called the general strike, which started on Wednesday, in protest at the arrest of Mr Abiola who faces charges of treason after declaring himself president on the strength of his victory in last year's annulled general election.

NLC leaders said they would re-convene tomorrow but that if the negotiations in Abuja had not secured Mr Abiola's release, the strike would be resumed.

The core of anti-government protest, which is strongest among members of Mr Abiola's Yoruba tribe in the south-west, has been the crippling strike by the two oil workers unions and this is set to continue.

Nupeng, the blue collar union, acted alone among the 41 unions of the NLC by striking a month ago, backed up by the senior staff association, Pengassan, made up of managers and engineers.

Their strike is seeking elected civilian rule but also a fairer share of national wealth in the oil producing areas and an end to under-investment in the oil industry by the government which has led to thousands of job losses.

Both Nupeng and Pengassan have made clear that they would not end their strike until the government met all their main demands which go much further than the NLC's position.

The stoppage has almost halted fuel distribution in the south-west, which accounts for 50 per cent of industrial and domestic demand and disrupted the production of crude oil, Nigeria's only major export, cutting output by about 25 per cent.

The NLC's general strike has had vastly differing support across the country. It has brought a total stoppage in Lagos and the other cities of the south-west, where factories, petrol stations and banks were already shut due to earlier unilateral strikes.

In the east of the country and in the north, most areas are working normally.

In the south-west the suspension of the NLC strike is unlikely to have much effect today because it is a half day for Moslems, transport to work is scarce, many plants are idle due to lack of power or spare parts and workers may fear going out in the recently violent streets.

The test of the NLC action will be on Monday.

If the Congress secures Mr Abiola's release, some unions in the south could break away from NLC and continue to strike in support of an early end to military rule. If Mr Abiola is not released, the NLC will be seen as stooges manipulated by the government.

Indonesian journalists lament brief life of Suharto's political openness

Manuela Saragosa on continued protests at the recent banning of three publications

About 100 Indonesian journalists demonstrated in Jakarta yesterday against the continued ban on three prominent publications, including the country's respected current affairs magazine, Tempo.

The protest was one of a number of small but vociferous demonstrations that have taken place since the clampdown six weeks ago on freedom of expression. Letters to editors deploring the forced closure of Tempo, Editor, another magazine, and DeTik, a weekly tabloid, appear regularly in much of the Indonesian press.

Complaints have even come from China and Japan, where Tempo, which was enjoyed for its innovative use of language, was an important tool in teaching Indonesian language.

Tempo, Editor and DeTik had their publishing licences revoked after their critical reporting of the government's planned $1.1bn acquisition of a fleet of former East German warships.

Although the government never said as much, it is generally accepted that the publications lost their licences because they exposed high-level political wrangling over the cost and efficiency of the warships.

Although it had a circulation of only 200,000, the 23-year-old Tempo was widely respected as Indonesia's equivalent of Time magazine. It suffered a temporary ban in 1982 for its reporting on the controversies surrounding that year's election campaign. Tempo's latest ban came as a surprise because, comparatively speaking, it tended to toe the government line, although it had of late become more daring.

The much younger tabloid DeTik had a subscription base of 400,000 and growing when it was banned. Much of its appeal lay in reporting that tested the limits of President Suharto's promises of political openness.

With the ministry of information continuing to issue threats of closure to other publications, Indonesians are now re-evaluating the future of their country's era of fledgling political openness.

An atmosphere conducive to open political debate was initiated by President Suharto himself after he was re-elected to his sixth five-year term in office last year. In speeches after his re-election, he called for the "democratisation" of the country. Magazines and newspapers immediately picked up on this by reporting on subjects such as human rights in East Timor, the president's succession and ethnic Chinese domination of the economy, all previously taboo.

The most recent threats were received last week by the leading daily newspaper Kompas and Sinar Pagi, Sinar magazine, the English-language daily The Jakarta Post and Indonesia Business Weekly, a two-year-old English-language business magazine.

They were ticked off for their frank reporting of the media bans and for articles on military violence against protesters in the East Timorese capital of Dili.

While many Indonesians regard the bans as a sign that political openness has ended, others are less pessimistic.

"These kinds of threats and bans are a cyclical thing," said an editor of one of the recently threatened publications. "We seem to go forward one step and then two steps backward as far as political openness is concerned. For the time being we just have to lie low."

Suharto: ... and responsibility

The crux of the problem appears to lie in President Suharto's vagueness about what the government would tolerate from the domestic media. While President Suharto may have encouraged political openness and a more "open" society in his speeches last year, what he says these days is also peppered with subtle warnings that openness should be accompanied by a sense of responsibility.

"In an effort to open ourselves, we want our national press to enjoy freedom but at the same time shoulder responsibility," Mr Suharto said at the opening ceremony of the Indonesian Newspaper Publishers Association held soon after the bans. Press freedom "should be aimed at improving the quality of life for Indonesians, both individually and collectively", he said.

As long as guidelines are cloaked in such vague terminology, press bans and a self-imposed restriction on political and social debate can be expected to be a regular feature of Indonesian life.

"If this continues we don't know what kind of a press we will have to match the demands of society," said Eros Jarot, editor of DeTik. "Indonesia's economic policies are very liberal but anything to do with politics appears to be going in the opposite direction."

HK urged to curb data collection

By Louise Lucas in Hong Kong

The Law Reform Commission in Hong Kong is urging the government to adopt legal controls on collection and use of information about individuals, arguing that failure to do so could cripple the colony's status as an international trading centre. The government, is examining the Commission's proposals and expects to decide in the next two months.

Although some protection is offered by existing legislation and a voluntary code, the Commission believes the absence of comprehensive legal protection could prove a handicap from 1996, when it is expected the European Union will require its member states to control transfer of personal data.

Mr Stuart Stoker, secretary of the Law Reform Commission (a body chaired by the attorney-general), said anecdotal evidence exists of UK companies being prohibited by data protection regulations from transferring data overseas because the specified country lacked protection. The Commission is recommending:

- The appointment of a privacy commissioner to oversee the proposed scheme;
- Legal regulation of all data relating to the individual; all such data to be protected by reasonable security safeguards;
- The right of individuals to obtain and, where necessary, correct personal data. Where damage has ensued, individuals may be entitled to compensation; a ban on passing such data to a third party.

The proposals would stop data holders passing lists to direct marketing companies, and would allow redress to those penalised by inaccurate or information. The government is one of the biggest holders of personal data, but substantial banks are held by insurance companies and financial houses.

Taiwan fishing row ends

Taiwan and China resolved a long-standing fishery dispute yesterday as supporters of Taiwanese independence burnt a Chinese flag (right) outside the building where the agreement was reached, Reuter reports from Taipei. The two rivals could sign their first accord in six rounds of talks when the meetings end next week.

The breakthrough came on the first of four days' talks. China conceded Taiwan's demand that fishing disputes involving intrusions into each other's territorial waters should be handled by agencies with law enforcement powers, officials said.

On Tuesday, China sent a letter to Taiwan, complaining that Taipei's military had opened fire on Chinese fishing boats when they entered waters around the Taiwan-held island of Quemoy, killing or injuring mainland fishermen. Talks over the next three days are expected to focus on repatriation of hijackers and illegal immigrants.

Food crisis for 34m Africans

UN body blames civil strife for continent's famine and shortages

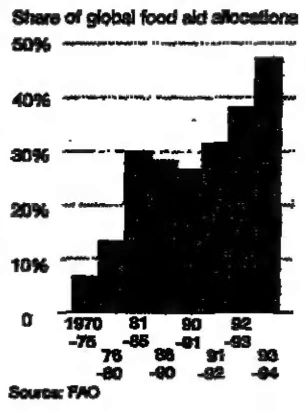
By Leslie Crawford in Nairobi

Famine and severe food shortages threaten more than 34m people in sub-Saharan Africa, the UN Food and Agriculture Organisation warns today in a report which blames civil strife rather than bad weather for the continent's hunger.

Intractable wars plague Liberia, Angola, Sudan and Somalia. In Zaire the government has all but collapsed. The fragile agricultural economies of Malawi, Tanzania and Kenya are buckling under the pressure of millions of refugees, while Rwanda has given the world the worst humanitarian catastrophe of modern times.

Sub-Saharan Africa

Share of global food aid allocations



Source: FAO

The FAO says Africa is submerged in a "perpetual food crisis". Twenty-five years ago the region needed less than 5 per cent of the world's food aid; today 47 per cent of global famine relief is channelled to sub-Saharan Africa. It is a region that cannot afford the cost of commercial food imports at a time when global surpluses earmarked for food aid are also diminishing.

"Latest estimates show some 25 per cent of food-aid needs of the affected African countries are not yet covered by pledges, and deliveries fall seriously short of the pledged assistance," the report warns.

But the FAO says food aid is not a long-term solution for Africa. It emphasises the need for increased agricultural productivity which, it admits, is impossible to implement in the growing number of countries consumed by civil strife.

An exodus of 2.5m Hutus following the victory of Tutsi-led guerrillas in Rwanda's civil war has created a refugee population entirely dependent on food hand-outs for survival.

Inside Rwanda, unharvested crops are rotting in the fields. Aid workers fear that if refugees do not return by September they will miss planting next year's crop.

"Without an adequate and timely response to relief needs, a large section of the Rwandan population will face starvation in the coming months," the report says.

The Rwandan crisis has increased the number of refugees and displaced populations in sub-Saharan Africa to about 22m people. Most of these huge migrations, the FAO says, have been caused by civil strife.

The uprooting of entire communities disrupts food production; creates long-term dependence on food aid; and destabilises food markets in the areas where refugees settle, by increasing demand and prices for local produce. Those who can return home often remain dependent on food aid before they can resume normal farming activities.

Food supply and crop prospects in sub-Saharan Africa. July 1994. Food and Agriculture Organisation, Rome. Fax 0396-5225-4495.

John Burton reports from Seoul on resumption of talks today in Geneva on nuclear issue

US and N Korea climb back in the ring

The US and North Korea will resume high-level talks in Geneva today on full inspections of Pyongyang's nuclear programme in return for possible US diplomatic ties and economic aid. However, new uncertainties will cloud the negotiations, suspended on July 8 after only one day because of the death of North Korea's President Kim Il-sung.

The main question is whether North Korea has changed its basic policy on the nuclear issue under its new leader, Mr Kim Jong-il, the late president's son. The talks are expected provide the first significant indication of Mr Kim's willingness to solve the nuclear dispute and proceed with economic reforms opening the country to foreign investment.

"Our policy remains consistent," said Mr Ho Jong, former North Korean ambassador to the United Nations and a member of the Geneva delegation led by Mr Kang Sok-ju, the first vice foreign minister. But there is still concern that Mr Kim may adopt a hard line in order to win the backing of military for his assumption of power which has not yet been completed.

Kim (left) and Gallucci: face-off over fuel rods

Moreover, the one month delay in the talks occasioned by the president's death has increased pressure to find a quick solution. North Korea has threatened to start reprocessing spent nuclear fuel into weapons-grade plutonium at the end of the month if an accord is not achieved soon.

Pyongyang claims that the spent fuel rods, which are being stored in a cooling tank under the supervision of the International Atomic Energy Agency, must be reprocessed soon for safety reasons.

But the reprocessing of the fuel, which could produce plutonium for four or five nuclear bombs, would break North Korea's promise to freeze its nuclear activities. The US has threatened to break off the talks in response and seek UN economic sanctions, an action Pyongyang has said amounts to an act of war.

The US has disputed the urgency of reprocessing the spent fuel rods, believing that North Korea is using the issue as a negotiating tactic.

Mr Robert Gallucci, US assistant secretary of state and chief US delegate at the Geneva talks, said: "The first order of business for us with the [North Korean] representatives on Friday will be to address that issue of time and push it aside for a number of months."

The US has suggested that North Korea transport the nuclear fuel to a third country for processing, but Pyongyang opposes the idea.

Washington appears willing to grant several concessions to North Korea if it agrees to full nuclear inspections. These could include the establishment of liaison offices as a first step to full diplomatic relations, which Pyongyang regards as a guarantee of US non-aggression. It has also suggested that it would support the replacement of North Korea's plutonium-producing graphite reactors with safer light water ones that would be supplied by Russia, Japan or South Korea at a cost of at least $4bn.

Several other problems remain in concluding a comprehensive agreement, including procedural issues on how actions by both sides would be co-ordinated.

North Korea is also refusing a demand by the International Atomic Energy Agency to be allowed to make special inspections of two suspected nuclear waste dump sites to determine if Pyongyang has previously withdrawn plutonium from its 5MW reactor to make at least one nuclear bomb.

The US has stipulated that North Korea must accept the special inspections in return for concessions. The IAEA request triggered the nuclear dispute 16 months ago, prompting North Korea to threaten to withdraw from the nuclear non-proliferation treaty.

Another potential source of trouble is the expected US insistence that diplomatic ties between Washington and Pyongyang be linked to progress on relations between North and South Korea. A proposed summit between the two Koreas was postponed following President Kim's death and tensions have increased in recent weeks as the two countries have engaged in a fierce propaganda war.

The linkage between North-South Korean relations and US-North Korea ties is meant to prevent Pyongyang from using the nuclear issue to drive a wedge between Washington and Seoul over the future defence of South Korea. Pyongyang has repeatedly claimed that the solution to the nuclear dispute lies in an agreement with the US, since it regards South Korea as being an American "puppet state".

NEWS: THE AMERICAS

Mexican growth expected

By Damian Fraser in Mexico City

Mexico's economy will probably expand by between 2 and 3 per cent this year, without any additional government measures to stimulate growth, according to Mr Pedro Aspe, the finance minister.

"The economy is moving," said Mr Aspe in an interview on Wednesday. "It really wants to grow despite the worst possible supply shocks, the worst political events." Mr Aspe said new figures for industrial production indicated that the recovery was well under way, boosted by rapid expansion in the construction and electricity sectors.

Mexico's economy grew just 0.5 per cent in the first quarter, after contracting in the second half of last year. Mr Aspe blamed low growth last year on uncertainty over passage of the North American Free Trade Agreement, and this year on the political instability that culminated in the assassination of Mr Luis Donaldo Colosio, presidential candidate of the ruling party.

He welcomed recent falls in interest rates, saying market sentiment had turned in favour of the country. On Wednesday interest rates fell for the second consecutive week, with investors apparently confident that the governing party will comfortably win the August 21 presidential election. The sharp fall in interest rates and strengthening of the peso has led to a surge in the stock market.

The minister said further reductions in interest rates would be driven by market conditions, and promised no modification in economic policy until December, when the new administration takes over. Exchange rate, price and wage policy would, he indicated, remain unaltered at least until the end of the year.

"We have an economic policy which is set for good times or bad times," said Mr Aspe. "For this year we will not change." He appeared to be ruling out a devaluation of the currency soon after the election, which some have urged as a way of boosting growth.

Mr Aspe said economic activity was being driven by foreign direct investment, which was "growing tremendously", and public investment, which was higher than in any other year of this government. Despite rising public spending, he said, the government would meet its target of a balanced budget this year, and might run a small surplus as a result of higher oil prices.

The Finance Ministry expects to give approval to foreign financial institutions which applied to open up subsidiaries in Mexico in September or October, Mr Aspe said.

Gore to rescue of ethanol policy

By Jeremy Kahn in Washington

Vice President Al Gore has been forced to rescue a key administration environmental policy advocating the use of grain alcohol as a cleaner burning petrol additive.

Mr Gore cast his tie-breaking vote in the Senate on Wednesday to defeat a bill that would have stopped the US Environmental Protection Agency requiring that one-third of petrol sold in big cities contain ethanol – a grain alcohol – or other renewable additives.

The bill produced a tumultuous five-hour debate between farm-state senators, backed by the agricultural lobby, and senators from oil-producing states and the north-east, supported by the oil industry.

President Bill Clinton personally lobbied members to defeat the bill, but in the end the Senate deadlocked 50-50, requiring Mr Gore's rare action.

Mr J. Bennet Johnston, the Louisiana Democrat who proposed the bill, claimed ethanol was not efficient and the EPA policy amounted to a hand-out to the corn industry and "gigantic flim-flam to the American people".

Mr Bob Kerry, a Nebraska Democrat, responded that requiring ethanol additives would "create American jobs" and boost the economy.

The debate over ethanol has been raging for years as the EPA sought to determine which oxygenates – oxygen-bearing additives that burn cleaner – should be used in petrol to improve air quality in big cities. Two of the most common oxygenates are ethanol, produced from corn, and methanol, a wood alcohol most commonly extracted from natural gas.

Mr Clinton, siding with the farm lobby, said during his election campaign that he favoured the use of ethanol and the EPA's ruling in June sought to make good on Mr Clinton's promise.

EPA officials have been forced to admit ethanol may not reduce greenhouse gas emissions in the short term, because producing ethanol from corn requires large amounts of energy and releases greenhouse gases.

Business bankrolls Zedillo

MEXICAN ELECTIONS

The head of Mexico's largest bank recently issued a stark warning: political stability and lower interest rates could only be achieved with a victory of the governing Institutional Revolutionary party in the presidential election on August 21. Mr Roberto Hernández, head of Grupo Financiero Banamex-Accival, was attacked for his assertion that Mexico was not ready for a change of government. But he was unrepentant, repeating the same message a few days later to a group of reporters.

Once unwilling to participate openly in politics, Mexico's wealthiest businessmen have shed their inhibitions in this presidential campaign. They have come out strongly in favour of Mr Ernesto Zedillo, the governing party candidate, offering him tens of millions of dollars in contributions, and in some cases campaigning on his behalf around the country.

Businessmen from medium-sized and small companies, many of whom have suffered from the trade liberalisation of the past decade, are generally divided between the PRI and the pro-business National Action party. But those who back the ruling party have played a much bigger part in its campaign than in previous elections, joining 40 odd PRI "business cells" around the country, collecting economic proposals for the party platform.

"When business supported us before, it was very secret, with private dinners and so on," says Mr Antonio Arguelles, in charge of PRI campaign spending. "This is the first ever the private sector has come out openly and campaigned for us."

The new influence of the business community is largely a consequence of the economic and social reforms of the past decade. As the PRI has buried its statist, interventionist past, and embraced private enterprise and free trade, the private sector has become a more natural ideological ally than the labour unions and peasant organisations that once dominated the party.

Likewise, as the government has withdrawn from the economy, the private sector's power has increased, and the need to take its view into account has grown. "We are seeing our influence climb as the economy and the political system opens up," says Mr Victor Manuel Terrones, head of Canacintra, the small business chamber.

As the PRI embraces free trade, the rich have endorsed its candidate, writes Damian Fraser

Mr Terrones says Mr Zedillo's economic proposals drew heavily on suggestions by members of his organisation, many of whom say the government has been indifferent to their problems. Some of the Zedillo economic proposals – such as tax breaks for the industrial sector, greater government involvement in worker training, and subsidised interest rates – read like a charter for small business.

Recent political reforms making it difficult for the government to finance the PRI at former levels have raised business's influence still further, as the party has had to seek private contributions to replace state funding.

The cosy relationship is not to everyone's liking. Peasant and workers' sectors in the PRI resent losing power to a group which is not formally affiliated to the party, and which supports policies – such as overturning the federal labour law – that would reduce their influence.

Opposition parties complain that the PRI attracts private sector support by offering businessmen lucrative contracts or restricting competition. Last year the PRI asked 30 of the country's richest businessmen to donate $25m (£16m) each to the party at a dinner in which President Carlos Salinas was the guest of honour.

"The leading businessmen – most, not all – have grown rich in the shadow of the political system," says Mr Juan Sanchez Navarro, an executive with Grupo Modelo, Mexico's largest beer company. "This will likely continue with Zedillo. In this sense support for the ruling party reflects their economic interests."

The key link between Mr Zedillo and the business sector is Mr Gilberto Borja, head of ICA, Mexico's largest construction company. Mr Borja has held more than 50 pro-Zedillo meetings in his house in recent months, and become a central official in the party's campaign team.

The PRI had raised $220m by the end of June, according to a party official. Legislative provisions limiting individual contributions have been circumvented with contributions in cash, in kind or by giving through third parties.

The money is vital to the PRI machinery. While there is a supposed spending limit of about $40m in the campaign, party officials say this is in practice sidestepped. Many campaign workers, including those at the highest levels, are paid part or all of their salary in cash; others are paid for directly by businessmen, which would not count as a campaign expenditure; gifts in kind are not properly accounted; and suspiciously large discounts are earned on media advertising.

Deputy Treasury secretary defies demands that he be sacked

Altman clings on after hearings

By Jurek Martin in Washington

Bill Clinton, at a press conference yesterday, expressed faith in Roger Altman Reuter

Mr Roger Altman's position as deputy secretary of the Treasury may best be described as shaky but not stirred. That, if anything, is an improvement on the start of this week, when the main question in Washington was not whether he would resign but how soon.

In over 15 hours of testimony covering two days, he frequently said he would not resign because he had misled Congress or for any actions concerning the investigation of Madison Guaranty, the Arkansas savings bank owned by a partner of the Clinton family in the Whitewater land development.

On Wednesday night he heard President Bill Clinton express confidence, though the president conceded has was "upset" to discover that Mr Altman had removed himself from overseeing the Madison case. Mr Lloyd Bentsen, the Treasury secretary, also found "no intent to harm" though, with hindsight, he would have preferred Mr Altman to have excused himself because of his friendship with the Clintons.

On the other hand, two Democratic senators – Don Riegle of Michigan and Richard Shelby of Alabama – have as good as joined the Republican chorus demanding his resignation. Senator Kit Bond of Missouri came very close on Wednesday to accusing Mr Altman of perjury in front of Congress.

The thrust of Republican questioning at committee hearings late Wednesday and yesterday remained to try to find harder evidence of Mr Altman's intervention in the Madison case. In grilling Ms Margaret Williams, chief of staff to Mrs Hillary Clinton, they also sought to implicate the first lady.

But, in the absence of damaging revelations, it may make more political sense for the White House to stick with Mr Altman in spite of his tarnished credibility with Congress. This is because the presidential record of not standing by those he has nominated or appointed is already too long for comfort.

The most prominent case was that of Ms Lani Guinier, dropped last summer as nominee to run the civil rights division of the Justice Department. Little inclination to fight for Zoe Baird and Kimba Wood, under consideration to be attorney general, was shown when their "nannygate" problems emerged.

Some Washington experts think Mr Altman was aware of this factor and that his defiance was, if only in part, calculated to dare the White House to pull the plug. But his presumed goal of succeeding Mr Bentsen is long abandoned.

NEWS: WORLD TRADE

Germany blocks Astra ulcer drug

By Christopher Brown-Humes in Stockholm and Daniel Green in London

German drug regulators yesterday decided to ban for a year injectable versions of Losec, the top-selling anti-ulcer drug of the Swedish pharmaceuticals group Astra, despite endorsement of the drug's safety by a European Union expert committee last week.

It was the latest move in a six-month battle which has caused sharp fluctuations in the share price of Sweden's biggest company by market capitalisation. Losec is one of the world's top-selling drugs, with 1993 sales of more than $1.6bn.

The German federal regulatory authority, formerly known as the BGA, has imposed the ban because of worries that Losec can cause blindness. It does not apply to tablet or drip (infusion) versions of Losec.

Astra said it was disappointed with the ruling, but noted that German doctors would still be able to give critically ill patients intravenous versions of Losec. The BGA believes infusion treatment by Losec carries less risk of an overdose than injected forms.

The company gave figures for injectable sales of Losec in Germany last year at SKr50m ($6.4m), against total German Losec sales of nearly SKr1bn, and worldwide sales of SKr12.7bn. Germany is Astra's single largest market.

Astra said German sales of Losec had not been affected by the scare, which first came to the fore in March. The injectable version of the drug is given only to extremely sick patients unable to take the drug by any other means. This adds to the difficulty of ascertaining whether a patient whose condition worsens is being affected by the drug or by the illness.

According to Astra, no other regulatory authority had expressed any concern about the drug. "We will stand behind the very firm opinion issued by the EU's committee for proprietary medicinal products last week," it said.

The CPMP said no causal link between the intravenous use of Losec and the reported side-effects had been established and there was no case for recommending restrictions on the drug's use.

Losec has been the subject of scrutiny by regulatory authorities around the world as a result of evidence suggesting problems with it. In the UK, for example, it has a "black triangle" warning doctors to be especially alert for adverse reactions to the drug from patients.

US unions bring first charges under Nafta

By Nancy Dunne in Washington

The US National Administrative Office, established to handle labour complaints under the North American Free Trade Agreement, has scheduled its first hearings on two complaints that US companies are violating Mexican workers' rights.

Both complaints allege company attempts to obstruct the organisation of unions independent of Mexico's governing party. United Electrical, Radio and Machine Workers of America has lodged a complaint against General Electric of the US, and the International Brotherhood of Teamsters has accused Honeywell the electronics manufacturer.

US labour unions have considered the cases a test of administration resolve to deal with examples of worker abuse in Mexico since Nafta was created. President Bill Clinton has been a vocal advocate of tying workers' rights and the environment to trade liberalisation agreements.

The unions are now concerned that the hearings, to be held this month, threaten to become "mere political window dressing" and claim that the NAO is making it "as costly as possible for Mexican workers and their representatives" to testify.

The Honeywell complaint dates back to late November. Just days after Congress ratified Nafta, Honeywell sacked 21 production workers from its electronics parts plant in Chihuahua, Mexico.

According to the complaint, "Honeywell is part of an employers' association, which uses spying, electronic surveillance, locked-door interrogations, threats and firings to keep out independent union groups." The workers are paid the minimum Mexican wage of 15 pesos a day – about £29 a week.

In its response, Honeywell did not deny the charges but argued against the hearings on technical grounds. The complaint is not covered by Nafta, which requires hearings only on "a pattern of non-enforcement by Mexico of Mexican Labour law". Furthermore, the actions predate January 1 1994, the effective date of Nafta.

Mr Ron Carey, head of the International Brotherhood of Teamsters, has implied that the NAO is trying to avoid adverse publicity for the companies by holding the hearings at the end of August when "members of Congress are vacationing along with many representatives of the media".

Mr John Hovis, president of the United Electrical, Radio and Machine Workers of America, also said: "We are extremely disturbed about the location and manner in which the hearing will be conducted... Simply stated, it appears intentionally designed to be as ineffective as possible."

A third complaint, against Sony Electronics, is to be filed next week. It alleges "persistent violations of workers' rights particularly in the area of freedom of association". It says Sony has violated Mexican labour law, and Mexico has persistently failed to enforce it.

White House plan to revive fast-track negotiating

By Nancy Dunne

The Clinton administration will next week seek to include a fast-track negotiating authority in the Uruguay Round implementing legislation so it can negotiate additional free trade agreements with Chile and other eligible trading partners. Fast-track authority allows the executive branch to negotiate trade agreements which Congress promises not to amend.

The administration's request for a seven-year fast-track negotiating authority has been in trouble for weeks, and a compromise proposal to a joint committee is seen as its last hope of resurrecting the authority.

Senator Daniel Moynihan, the committee chairman, on Tuesday stunned the Washington trade establishment when he pronounced the renewal of the negotiating authority "dead" for this year. Republicans oppose administration plans to include environmental and labour provisions in future free trade pacts. Many Democrats are refusing to agree to a fast-track authority without inclusion of labour and environment language.

The Senate finance committee, writing the implementing legislation, has refused to approve a compromise 2½-year fast-track authority.

But administration officials said they would seek to insert it when representatives of the finance committee and the House ways and means committee meet to work out final implementation of Uruguay Round legislation. There is concern that a failure to get fast-track will damage the administration's credibility.

The finance committee also refused to go along with an administration plan, supported by the textile and apparel industries, to alter the way rules of origin are calculated. It rejected a proposal to revise current rules to designate the place of origin as the place where a product is sewn rather than cut.

The committee extended for five years the Super 301 law, which permits the US to list unfair trade practices with the objective of erasing trade barriers.

Mercosur four limp to customs union signing

John Barham and **Patrick McCurry** on bruising talks in the South American trade pact

The leaders of the four South American countries in the Mercosur trade pact will today put their names to an agreement removing the remaining obstacles to the implementation of a customs union on January 1 next year.

Officials have worked all week to iron out the sometimes daunting differences between them in time for the summit conference in Buenos Aires today. Although it is only three years since the presidents of Argentina, Brazil, Paraguay and Uruguay signed a treaty calling for the creation of a common market by January 1995, reaching this objective has proved a long and arduous undertaking.

More than once, negotiators threatened to derail the talks with delegations threatening to walk out unless their demands were met. When Uruguay unexpectedly demanded more trade concessions from its partners this week, Mr Domingo Cavallo, Argentina's outspoken economy minister, retorted: "Mercosur is Argentina and Brazil. Mercosur will happen with or without Uruguay."

The four have failed to attain the aims stated in 1991, when they signed the original treaty, of creating a single market in which goods, capital and people circulate freely. The inability to harmonise their chaotic economies or compromise over trade and industrial policy has forced them to adopt less ambitious objectives.

Presidents Carlos Menem of Argentina, Itamar Franco of Brazil, Juan Carlos Wasmosy of Paraguay and Luis Lacalle of Uruguay will today agree to a mechanism in which all tariff barriers to about 85 per cent of their trade will be fully lifted on January 1. They will also adopt a common tariff structure on imports from outside the region for these products.

Argentina and Brazil – which together account for 90 per cent of Mercosur's gross domestic product and whose trade with each other more than doubled between 1991 and 1993 from $3.02bn to $6.36bn – could not agree on a similar arrangement for a range of high technology goods, mainly computers, telecommunications equipment and capital goods. They agreed more than a year ago that these goods - which account for 15 per cent of their trade - would receive separate treatment.

However, they could not agree on how this would work. Argentina has abandoned attempts to build a high-technology industry behind tariff walls. Instead, it is encouraging its industries to import advanced equipment from the US and Japan by abolishing all import duties. The Brazilians have a larger intermediate-technology sector which they wish to build up and refused to lower tariffs significantly.

In the end, Argentina has had to bow to the Brazilians' superior bargaining power and accepted a deal in which high-technology goods are to receive tariff protection of 14-16 per cent up to 2005. Tariffs for other products will range from 0 to 20 per cent.

Argentina realises that Brazil holds the key to Mercosur's future. It is by far the largest economy in the region. Access to its large market is vital for Argentina's manufacturing industry to gain economies of scale it needs to survive in international markets. For 60 years, industry has gradually atrophied since it was sealed off from international competition by trade barriers.

In exchange, Argentina is understood to have gained concessions from Brazil which is granting exceptions from Mercosur's free trade rules for large parts of Argentina's manufacturing industry. Thus, Argentina's struggling steel, paper, textile, sugar and petrochemicals industries will all be protected from the full onslaught of larger and more efficient Brazilian competition. Brazilian imports will receive the same treatment as imports from outside the Mercosur area for five years.

However, progress over integration has come faster than many had expected. For two years, headway was nearly impossible as Argentina adopted aggressive free market policies to stabilise its economy. This unleashed rapid growth while Brazil sank into hyperinflation and economic depression.

Argentina imposed import restrictions to reduce Brazil's rising trade surplus. President Menem began flirting with the possibility of joining the North American Free Trade Agreement. US President Bill Clinton politely turned him down.

This, plus Brazil's decision to reduce its trade surplus with Argentina by buying crude oil and wheat, its advance in trade liberalisation and apparent conversion to free market economics have all cleared the air. Relations which last year were tense, have relaxed, in spite of personal tension between Mr Menem and Mr Franco.

The four have also agreed on a controversial accord over the treatment of free trade zones. Argentina and Brazil have imposed an apparently one-sided settlement on Paraguay and Uruguay in which their zones will not receive the same privileges as those in Argentina and Brazil.

This has angered Paraguay and Uruguay, which as junior partners have always felt at the mercy of the other two. However, as Mr Cavallo crudely reminded Uruguay, they have little choice but to swallow their pride and accept the decisions of their bigger neighbours.

Chile and Bolivia wait in the wings

By David Pilling in Santiago

Presidents Eduardo Frei of Chile and Gonzalo Sánchez de Lozada of Bolivia are today expected to sign protocol agreements leading to their countries' eventual incorporation as "associate" members of the four-nation Mercosur free trade area. Negotiations are expected to be conducted with Mercosur as a whole, rather than, as Chile earlier proposed, bilaterally with individual members.

Chile's priority, according to Mr Carlos Figueroa, foreign minister, will be to ensure the continuation of preferential tariffs from which Chilean exports to the four Mercosur states – Argentina, Brazil, Paraguay and Uruguay – currently benefit. Otherwise, such preferential treatment would end from next January when Mercosur establishes its external tariff barrier.

Chile and Bolivia, which until recently had watched nervously as Mercosur took shape, appear to have come to the conclusion that the bloc is too important to ignore. Latin America is Chile's most dynamic trading partner, especially in manufactured goods. Last year, Chilean exports to Mercosur states were worth $1.1bn, 12 per cent of exports worldwide. Exports to the bloc have risen by two-thirds since 1991, while those to Argentina alone leapt last year by 27.6 per cent to $589m.

Barriers to markets as big as those of Brazil and Argentina, Chile's third and fourth most important trading partners respectively, could harm Chilean manufacturing industry, the sector it is most keen to see expand. Most of Chile's regional investment, especially in the electrical sector, has been in Argentina.

"As a market, Mercosur could not be more important," said Mr Figueroa.

NEWS: UK

Enterprise zone plan 'hampered'

By Chris Tighe

The government's proposal for an enterprise zone to help Tyneside recover from shipyard job losses has blighted development of a key economic regeneration site, it was alleged yesterday.

Local urban-regeneration leaders, MPs and councillors agree that the activities of government-funded North Tyneside City Challenge were seriously hampered by the enterprise zone announcement in May last year.

The five-year City Challenge initiative began operating just a month before the government said a Tyneside enterprise zone might be declared. It had focused its £37.5m programme on the economic spin-off from developing the Silverlink business park beside the A19 corridor, with the aim of attracting up to £100m of inward investment.

But the possibility that part of this 200-acre site might win enterprise zone status, bringing a decade of capital allowances and exemption from business rates, has deterred the private sector from making commitments.

The government is unlikely to decide finally on a zone until it is clear whether Swan Hunter, the Tyneside shipbuilder in receivership, can be sold as a going concern. If it then specifies sites for the 250-acre zone, it will need approval from the European Community, a process taking up to 18 months.

Mr David Clouston, chairman of North Tyneside City Challenge and chairman and managing director of Silverlink Properties, the site's developer, said yesterday: "It's a damn stupid thing to have announced.

"The government preaches the market but they don't appear to have a feel for how it works."

Mr Clouston said that because of the uncertainty, multi-million pound developments due to start on the site were on hold, as was the Challenge's marketing programme.

A decision may now have to be taken on changing the entire thrust of the City Challenge programme away from economic activity.

Mr John Foster, executive director of North Tyneside council, said the uncertainty over the zone meant the City Challenge A19 corridor site was being "blighted".

The Department of the Environment, which is responsible for enterprise zones, said the offer was part of a package of aid measures for Tyneside. There had since been discussion with North Tyneside, South Tyneside and Newcastle councils to determine whether they wanted the zone and which sites might be included. It added: "If people think an enterprise zone may be designated they may well hold off."

● North Tyneside council yesterday wrote to Swan Hunter receivers Price Waterhouse urging them to finance the cost of Swans' tendering for a Ministry of Defence ocean survey ship.

The council, which said it was a "significant creditor" of Swans, said it believed other creditors would share its view.

Brewery finds take-home beer sales going flat

By Roland Adburgham, Wales and West Correspondent

An independent brewery in Cornwall has become a victim of the fierce price competition in the take-home beer market which has been intensified by personal imports from continental Europe.

Redruth Brewery has gone into administrative receivership and 42 of the 140 staff have been made redundant. It owes over £4m to two debenture holders, J.A. Devenish, part of the Greenall Group, and Nacanco, the US can suppliers. It is also owed an export debt of over £1m.

The brewery has no tied houses but instead cans and bottles for national distribution to supermarkets and independent off-licences. Its own brands include 93 Limited Edition and John Davey's bitter. It is one of the largest independents, with a capacity of 500,000 barrels a year. In the year to February, it had a turnover of £24m, net of value-added tax and duty, and made a marginal loss.

Mr Keith Morgan, joint receiver, said: "We are trading on for the forseeable future while we find a buyer. It is a good core business with short-term cash-flow problems." Over 100 inquiries had been made by potential purchasers.

Mr Nigel Bibby, who became chief executive four months ago, said profit margins had suffered because the industry's excess capacity had encouraged big brewers to compete more aggressively in take-home sales. These had a rising share of the overall market. "The World Cup meant there was a lot of jostling to get your brands on the shelves, with promotion which led to lower prices." Supermarkets were also under pressure from personal imports.

Duty-paid allowances increased in January last year to 110 litres per head and the Brewers' Society estimates personal imports, and those imported for illegal resale, have taken 15 per cent of the take-home market.

"To maintain our volumes, we lost 30 per cent of gross profitability and we could not reduce our costs by that amount," Mr Bibby said.

Redruth was a £1m management buyout from Cornish Brewery, part of the J.A. Devenish group, in 1991.

Shadow environment secretary Chris Smith with an air monitoring device yesterday Lydia van der Meer

Labour launch clean air drive

By James Blitz and David Lascelles

Mr Chris Smith, Labour's spokesman on environmental protection, yesterday launched a new drive to combat pollution in British cities, and encouraged members of the public to take a more active interest in the issue.

Launching Labour's "Airwatch campaign", Mr Smith urged the government and local authorities to take steps to improve the monitoring of pollution levels. He called for a statutory obligation on local authorities to collect information on regional air quality and inform schools and other local bodies of the results.

Meanwhile, a group of doctors and transport specialists said that car exhausts should be placed on the top of cars rather than the bottom as part of a wide-ranging set of measures needed to reduce traffic pollution.

In a report "How vehicle pollution affects our health", they say the introduction of catalytic converters and other "clean car" technology will not be sufficient to make streets healthier. Local authorities should be given new powers to declare "emergency days" with restrictions on car use and times of lorry deliveries. Public transport should be encouraged, and random roadside tests introduced to catch the worst polluters.

Britain in brief

Ballot blow to railway strikers

A severe blow was dealt last night to the strike strategy of the RMT transport union when its rail supervisors voted decisively against joining the signalling staff's dispute.

The 225-157 result, announced after a postal ballot with a high turnout of 72 per cent, will please ministers and Railtrack, the state-owned company responsible for running the network. They had feared that involvement by the supervisors and managers in the eight-week-old dispute would have led to a serious intensification of the conflict.

The firm rejection by the supervisors and managers means that Railtrack will be able to keep at least a third of the railway network open for normal business over the 72 hours of stoppages planned around next weekend.

Mr Jimmy Knapp, the RMT's general secretary said that "the result is an obvious disappointment to the union but in some respects was not a total surprise."

He blamed what he called "interference in the balloting process" by Railtrack through its attempts to put pressure on the supervisors and managers into voting against industrial action.

While admitting that a "yes" vote would have strengthened the union's hand, the "no" result did not mean that the case of the signalling staff had been weakened.

Nor, he added, had the union's "resolve to find a satisfactory settlement".

Mr Knapp said that there was still "solid support" for the strike among RMT's signalling grades and he said he was confident that this would continue.

But the rejection by the signal box supervisors is bound to increase the pressure on the RMT union as it tries to find ways of returning to the negotiating table.

Small companies urge R&D help

Two-thirds of small companies believe the European Commission and foreign governments provide more help than the British government with research and development (R&D) and innovation, according to a survey today.

The survey by the British Chambers of Commerce and Alex Lawrie, the business finance specialist, found that the UK's small businesses want more information and advice from government, about current R&D/innovation schemes, finance and best practice.

The survey of 394 companies with fewer than 50 employees found that the DTI's various innovation-related schemes, as well as European Union schemes, were not well known to small companies.

"This is an extremely unsatisfactory situation, and one which needs to be rectified by the DTI and the European Commission's information services as a matter of urgency," said the BCC.

Fall in UK new car sales

UK new car sales fell by 2.5 per cent last month to 34,489 from 35,376 a year earlier, the first monthly decline this year.

July is the smallest month for new car sales, however, as buyers postpone their purchases until August to take advantage of the change in the registration prefix.

Ford, the leader of the UK new car market, said that August registrations could total around 500,000 challenging the previous record of 500,112 achieved in August 1989.

After a decline in new car sales last month, registrations of new commercial vehicles increased in July by 24.2 per cent to 8,739 from 7,038 a year ago, one of the biggest monthly rises this year.

The UK has led the European new vehicle market out of recession, and in the first seven months new car sales have risen by 13.3 per cent to 990,752, while new commercial vehicle registrations have increased by 15.2 per cent to 120,109.

Lloyd's set for more outsiders

Lloyd's of London yesterday unveiled proposals to expand the membership of outsiders on its ruling council and to change the voting structure of the insurance market.

It will ensure there are six working, six external and six nominated members of the insurance market on the Council from the start of next year.

It will also change from the current position of "one member-one vote" to a new weighted system by which votes are allocated based on the overall underwriting capacity of each Name, the individuals whose assets have traditionally supported the market.

The changes are among the 18 recommendations approved in full by the Council on Wednesday which were made in the so-called Sheldon report completed in June.

Labour surge to record poll lead

Mr Tony Blair's new-style Labour leadership received a significant boost last night as an opinion poll suggested his election last month as John Smith's successor had propelled the party into its largest ever lead over the Tories.

The poll, the first of its kind since Mr Blair's election as leader on July 21, put Labour's lead over the Conservatives at 33½ percentage points.

According to Gallup, which conducted the poll for today's Daily Telegraph, this is by a wide margin the biggest lead either of the two largest parties has ever enjoyed over the other.

Only Harold Wilson's Labour government in May 1968 – following Roy Jenkins's steep post-devaluation tax increases – was in nearly the electoral trouble that Mr John Major's government is in today, Gallup said.

The survey also contained a strong personal endorsement for Mr Blair, indicating that many more voters thought he would make the best prime minister of the three main party leaders than had ever thought the same of John Smith.

Study pinpoints Whitehall savings

By John Willman and Vanessa Houlder

The British government could save £130m over a three-year period if Whitehall departments adopted better methods of using external consultants, says a report published yesterday by the Cabinet Office Efficiency Unit.

The report, an earlier version of which was leaked to the FT in April, says that departments use expensive consultants to do jobs that civil servants could do just as well. They also commission consultants on "rather too many projects" without inviting competitive bids, the report says, and duplicate work already done for other departments.

The report makes 34 recommendations for getting better value for money out of consultants, including making greater use of civil servants to do the work.

It also sets out a list of nine "critical success factors" for getting the best out of consultancy. These include selecting the right consultants at the right price and following through the results of projects.

The unit found savings of £12.2m a year from expenditure on external consultants which totalled £505m in 1992-93.

But the report says that consultancy does make a contribution to policies which save large amounts. The size of the consultants' contribution is hard to apportion however.

The largest element of traditional management consultancy work for the civil service has gone into advice on the market-testing programme, the report says. Annual savings from this amount to at least £133m.

"All one can really say with confidence is that external consultancy advice has been an important element is securing substantial quantifiable benefits for government, and that these benefits have been many times greater than the cost of the consultancy itself," the report says.

The report's recommendations would save £65m a year in payments to consultants, and add just £22m to staff costs, the unit calculates. This would make a saving of £130m over the next three-year public expenditure period.

However, these figures were greeted with scepticism yesterday by leading management consultants.

"We are not sure that the sort of savings they are talking about can be achieved," said Mr Julian Bagwell, a partner in Touche Ross Management Consultants.

The largest single saving identified by the report was an estimated £27m from the creation of a central database of previous consultancy projects to prevent duplication. Consultants said the resemblance between projects was often superficial, meaning duplication was not as common as the unit believed.

Mr David Hunt, public service minister, promised that the government would consider the recommendations carefully and draw up plans to take them forward.

MPs criticise Customs over unpaid VAT

By Gillian Tett and Andrew Jack

More than half of British traders are underdeclaring the amount of value added tax they owe, the Commons public affairs committee said yesterday in a report that strongly criticised the performance of HM Customs and Excise.

Customs, however, chose to interpret the MPs' rebuke as a compliment to its improving efficiency. "We would consider this as a tribute to our officers' alertness – it means that we are finding a great deal of the under-reporting," it said.

The Commons committee emphasised, as a matter of "concern", findings in a recent National Audit Office report that the level of VAT undeclared by companies in 1992-1993 was £2bn.

Some 55 per cent of traders were found by Customs officials to be underdeclaring VAT. About a quarter of the shortfall stemmed from "genuine error or misunderstanding" and most of the rest from a "lack of reasonable care".

Only 20 per cent of companies contacted had a "full" understanding of the VAT system, although two-thirds said they had "adequate" knowledge, the auditors' report said.

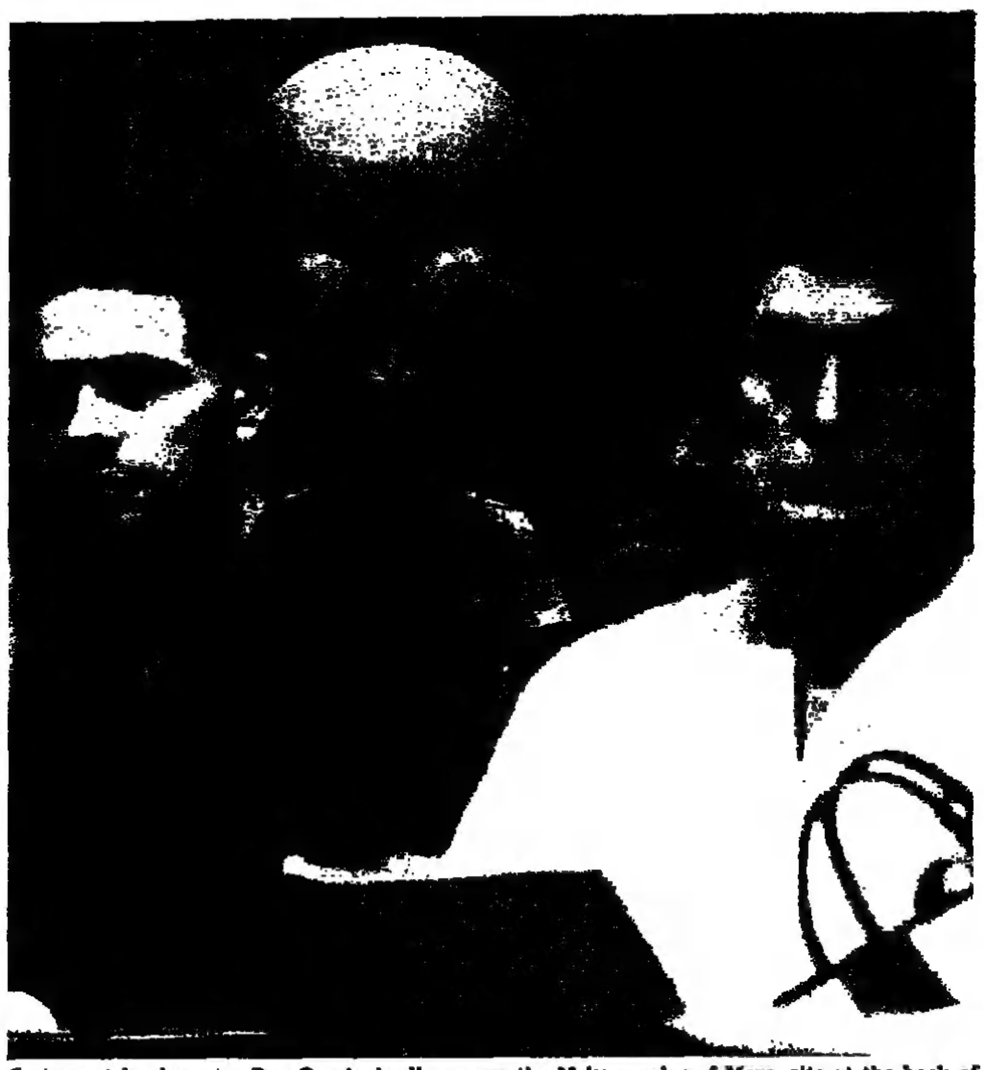
The committee yesterday called on Customs and Excise to reduce the cost of VAT compliance for companies and to improve business understanding of the system. Customs yesterday said it was already seeking ways of improving its business contacts.

The committee concluded that VAT was providing a "heavy burden on business". It expressed concern "that there are 156 main regulations affecting the operation of VAT and that since 1985 there have been 209 regulatory changes".

It pointed out that the cost of complying with VAT regulations was £1.6bn for traders, nearly four times more than the cost of administering the system.

Customs insisted that the report had been "highly selective" in the presentation of the figures, and said 60 per cent of the new regulations since 1985 had been developed to reduce compliance costs.

Tax accountants said that the £2bn underdeclaration figure did not necessarily reflect tax lost to the Exchequer. Under-declarations were often for relatively small amounts and much was the result of the complexity of the VAT system.



Cartoon strip character Dan Dare's deadly enemy the Mekon, ruler of Mars, sits at the back of Christie's saleroom in London yesterday during an auction of comics and postcards. The first Superman comic dating from 1938 – which Christie's billed as "arguably the most important comic book ever to be published" – sold for £14,300 ($22,040). Bidding for a Batman first edition climbed to £20,000 – but it remained unsold as it failed to reach its reserve price of almost twice that. A fan of The Eagle purchased two pages of original Dan Dare artwork for £748. Reuter

Alchemy turns to dust under DTI spell

By Andrew Jack

The Department of Trade and Industry is clamping down on "pyramid" companies supposedly structured in a way to generate money-for-nothing for their investors.

In an indication that pyramid schemes are not just a feature of economies where capitalism is a novelty – like the collapsed MMM in Russia and Caritas in Romania – the DTI said it had wound up four such companies in the past month.

Pyramid schemes operate by recruiting new subscribers in order to provide the money required to pay off existing investors. The schemes are ultimately flawed because they require the generation of an infinite number of new investors.

A team of DTI investigators has been scrutinising a number of such pyramid companies in recent months and is believed to be considering further possible closures.

After a High Court petition on "public interest" grounds, the official receiver was yesterday appointed provisional liquidator to Quillpunch, a company trading as the Alchemy Foundation.

Quillpunch had been created using assets and subscribers transferred from Alchemy Marketing and Alchemy (UK), two other companies wound up by the DTI late last month. They had traded as Alchemy UK. The scheme had approximately 8,000 subscribers.

Last month, the DTI wound up another similar company called 3T Publications, which offered a pyramid-selling scheme known as FPW or Frequency Programming World. Customers were asked to send up to £70 a month to the company, which said it would redistribute the money between existing subscribers.

The DTI said it was drawing up a consultative document on reforms to the law dealing with pyramid sales organisations.

It is likely to be issued by the end of the year.

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SUMMARY OF THE FINANCIAL YEAR 1993

GENERALI
THE INSURER WITHOUT FRONTIERS.

Group Business. The Generali Group has further strengthened its positions in the markets where it operates by pursuing three strategies. These are the reorganisation of companies operating in countries where the Group has long-standing traditions; beginning operations in markets which offer interesting prospects; the signing of wide-reaching agreements with important international groups supported by the acquisition of significant minority share holdings.
In this context, important moves have been carried out: agreements with the Madrid-based Banco Central Hispano and with the FIAT Group; acquisition of a 3% stake in Banca Commerciale Italiana and concentration in the subsidiary Alleanza Assicurazioni of the shares held in Banco Ambrosiano Veneto. As far as the initiatives aiming at improving structures in various countries are concerned, recent initiatives include the reorganization of the Group in Germany, Belgium and Argentina, and the establishment of new companies in Portugal, Guernsey, Rumania and a Branch Office in the Czech Republic. Operations have also been boosted in Latin America, where the Group acquired a controlling stake in an insurance company in Ecuador, strengthened its presence in Peru by establishing a new subsidiary that ranks second in the Peruvian insurance market, acquired an important insurance company in Colombia, and established a company that will manage the activity in the Argentinian pension funds sector.

Parent Company Business. The Company continued its policy aiming at improving underwriting results by giving priority to the quality of the insurance portfolio and by limiting costs.
Such a policy proved to be particularly incisive in the Italian market, where the Company writes 55% of the total volume of business and 70% of direct business.
The implementation of careful risk-selection policies and portfolio reforms in these past three years have been pursued further and have brought about a sensible reduction of loss ratio in the Non-Life sector.
This, and a 1% decrease in the cost ratio, have contributed to the significant improvement in the underwriting result in Italy, which, after many years, is almost in the black. On the other hand, direct business results abroad as well as reinsurance were still negative.
Results from activities carried out in the financial sector, though, were satisfactory with a sharp growth in current income from investments as well as in the profits realized from trading operations in major international stock exchanges, even though the contribution of extraordinary operations resulted in a lower amount.
This year's profit exceeded the one registered in 1992 by over ECU 16 m. despite the fact that changes in the accounting criteria affected the result by ECU 57.6 m. and tax burden increased by ECU 58.1 m.

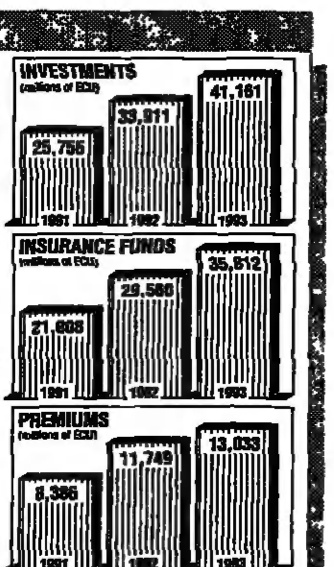
1993 CONSOLIDATED STATEMENT

ASSETS (000 ECU)*	1993	1992
Real estate and agricultural companies	5,473,497	5,161,3
Fixed-interest securities	25,299,087	19,717,442
Shares and equity participations	5,533,056	4,672,985
Loans	2,342,652	1,998,080
Deposits with Ceding Companies	372,640	396,675
Bank deposits	2,140,772	1,964,965
Accounts receivable and other assets	4,828,910	4,347,375
Total	**45,990,614**	**38,258,842**

LIABILITIES (000 ECU)*	1993	1992
Provisions for insurance liabilities	35,812,221	29,560,643
Reinsurance deposits	428,536	374,896
Other liabilities	3,814,829	2,533,131
Minority shareholders' interest	1,245,537	1,162,786
Shareholders' surplus	4,369,784	4,326,083
Profit for the year	**319,707**	**301,383**
Total	**45,990,614**	**38,258,842**

* All figures have been converted at the rate of exchange of £ 1 = ECU 1.322.

■ This statement consolidates 96 insurance companies operating in some 40 markets, 28 holding companies, 21 real estate companies and 3 agricultural companies.



■ The profit for 1993 amounted to ECU 359.5 m., compared to ECU 354 m. in the previous year. Some modifications carried out in the accounting criteria affected the result for ECU 79.3 m. and so did a two-fold increase in taxation. The Parent Company's share of the profit amounted to ECU 319.7 m. compared to ECU 301.3 m. in 1992.

■ Consolidated premiums amounted to ECU 13,033.2 m. (+10.9%): 76.9% from EU member countries (Italy 30%); 16.1% from other European countries, and 7% from non-European countries. Premiums collected in Life business increased 9% to ECU 5,232.5 m., and 12.3% to ECU 7,800.7 m. in Non-Life business.

■ Claims paid amounted to ECU 6,779.7 m.

■ Provisions for insurance liabilities increased by ECU 4,543 m.

■ Underwriting and administrative costs amounted to ECU 3,147.3 m. Cost ratio at 27.3% followed last year's trend.

■ Investments rose to ECU 41,161.7 m. (+ 21.4%), against which provisions for insurance liabilities amounted to ECU 35,812.2 m.

■ Investment income reached ECU 3,313.4 m. compared to ECU 2,793.8 m. in 1992 (+18.6%).

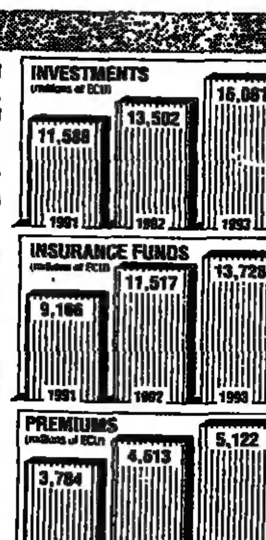
■ The Group's overall stockholders' surplus amounted to ECU 5,575.5 m., the share of the Parent Company is 78.4%.

1993 HIGHLIGHTS

(000 ECU)*	1993	1992
Premiums written	5,122,690	4,613,254
Premiums ceded	– 641,823	– 541,544
Net premiums	4,480,867	4,071,710
Net investment income	1,300,332	1,111,546
Technical interest allocated to Life funds	– 784,939	– 659,201
Insurance underwriting results	– 357,571	– 299,443
Sundry income and expenditure	– 66,921	– 19,094
Operating profit	**90,901**	**133,808**
Profit on sale of properties and securities	268,654	208,081
Exchange profit	109,501	130,449
Unrealized capital losses on securities	– 97,139	– 182,873
Extraordinary taxes	– 15,229	– 6,894
Total other items	**265,787**	**148,763**
Taxes on profits	– 136,422	– 78,329
Profit for the year	**220,266**	**204,242**

* All figures have been converted at the rate of exchange of £ 1 = ECU 1.322

■ Net profit amounted to ECU 220.3 m. compared to ECU 204.2 m. in 1992. Modifications carried out in the accounting criteria affected the result by ECU 57.6 m.



■ Premiums amounted to ECU 5,122.7 m. (+ 11%); ECU 2,017.5 m. were in Life insurance and ECU 3,105.2 m. in Non-Life.

■ Claims paid totalled ECU 2,570.7 m.

■ Provisions for insurance liabilities increased by ECU 1,935.3 m.

■ Underwriting and administrative costs totalled ECU 1,117.4 m. The incidence of costs on premiums fell in direct Italian business from 24% in 1992 to 23%.

■ Investments rose to ECU 16,081.5 m. against which provisions for insurance liabilities amounted to ECU 12,300.7 m.

■ Investment income totalled ECU 1,300.3 m. (+17%).

■ Overall shareholders' equity amounted to ECU 3,441.4 m. The surplus over the minimum solvency margin requirement is of ECU 1,217.2 m. for the Life sector and of ECU 1,180.2 m. for Non-Life.

■ The dividend is 350 lire per share.

■ In the annual general meeting, shareholders approved a free capital increase from Lire 1,457,500 billion to Lire 1,603,250 billion on the basis of one new share for every ten previously held. The new shares qualify for dividend from 1.1.1994.

■ Chairman-Managing Director: Eugenio Coppola di Canzano; Vice-Chairmen: Antoine Bernheim, Francesco Cingano; Managing Director: Gianfranco Gutty.

Central Head Office in Trieste (Italy)

The Generali Group, besides Italy, operates in Argentina, Austria, Belgium, Brazil, Canada, Czech Republic, Colombia, Denmark, Ecuador, France, Germany, Gibraltar, Great Britain, Greece, Guatemala, Guernsey, Hong Kong, Hungary, Ireland, Israel, Japan, Lebanon, Luxemburg, Malta, Mexico, Principality of Monaco, Netherlands, Panama, Peru, Portugal, Rumania, San Marino, Singapore, South Africa, Spain, Switzerland, Turkey, United Arab Emirates, United States.

GENERALI GROUP
THE INSURER WITHOUT FRONTIERS.

هكذا في الأصل

MANAGEMENT

Dr Carol Cooper looks at the difficulties of detecting drug abuse in the office

Irritable, moody, late and high


HEALTH CHECK

Although many of us have images of manic currency dealers who use cocaine recreationally, or of criminals addicted to heroin, drug abusers rarely conform to neat stereotypes. They are found across the spectrum, some of them in jobs which appear responsible and even staid.

In the UK there are thought to be more than 100,000 regular users of hard drugs such as heroin and cocaine, and an unknown number who use cannabis and other drugs generally considered "soft". However, the distinction may be academic – what counts is the effect on performance.

Drugs have obvious dangers in areas such as the transport industry. But drug use also poses more subtle hazards, such as inaccuracies, poor attendance and petty theft to support the habit. There can be more sickness leave, higher staff turnover and economic loss – in the US an estimated $20bn (£13bn) is lost in annual productivity because of drug abuse.

For employers, legal repercussions are a possibility. In the event of an accident, for instance, charges could be brought under the Health and Safety at Work Act 1974 (which obliges employers to ensure, as far as is reasonably practicable, the health, safety and welfare at work of employees and others who may be affected by the work).

Symptoms which raise suspicions of drug use in a colleague or employee include moodiness, irritability, erratic output, mistakes and bad timekeeping. But these can be caused by fatigue, stress or physical illness. One cannot know without testing.

In Britain the basic drug screening menu covers amphetamines, cannabis, cocaine and opiates (such as heroin and morphine), and one can test for many others, such as barbiturates and benzodiazepines (diazepam and other tranquillisers).

Some organisations test "with cause" – when there is some reason to suspect drug use. Others may test all their employees and prospective employees. In the transport industry, much testing is related to the Transport and Works Act (Alcohol and Drug section) 1992. The act came into effect after the Cannon Street crash of 1991 when the train driver tested positive for cannabis.

Oil companies such as Texaco, Shell and Esso have screening programmes which are especially relevant to offshore work. In one study of platform workers, 9.2 per cent tested positive for cannabis. Hilary Goodwin, a specialist occupational health physician, points out that several weeks' worth of drugs are easier to conceal on a rig than several weeks' worth of alcohol.

Drug use poses subtle hazards, such as inaccuracies and petty theft to support the habit

Nowadays, many medium-sized enterprises are also taking up screening. In these businesses, drugs may pose no obvious physical danger, but users can still be a liability. Lindsay Hadfield of Medscreen, a company which conducts drug testing programmes, has noticed increasing awareness of the effects on office-based staff.

"Lapses in concentration can be crucial if, for instance, they result in a contract containing a figure with the wrong number of noughts".

Testing is far from simple. There may be false positives (cough mixtures and poppy seeds can give positive tests for opiates) and false negatives, in that cocaine and heroin only persist for 12 to 48 hours in the body, while cannabis can last weeks.

Acquiring the sample is problematical. The urine sample must come from the individual who is being tested, without adulteration or substitution, and must be sent to the lab in a tamper-proof container. Throughout the procedure tight controls and documentary evidence are needed.

Screening is obviously costly for a business and there has to be a reason for it. In particular, there is no point testing for drugs unless it is clear what to do next.

Goodwin, who has particular expertise in policy development and in testing for alcohol and drug abuse in the workplace, says: "It's crucial to have a company policy setting out the purpose of testing – and the action to be taken in the case of a positive test – before any testing begins. Company policy influences the way tests are interpreted, so test results should be interpreted by a doctor with a special interest in drug misuse at work."

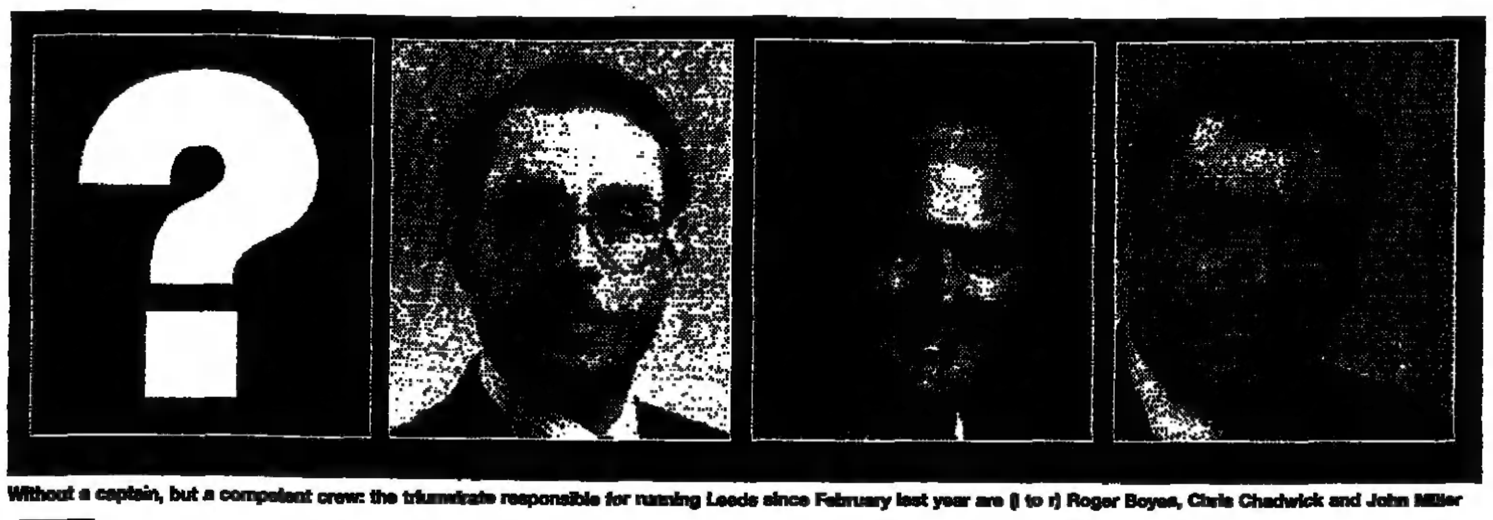
Increasingly, organisations perceive drug use to be a matter for confidential counselling and treatment of an individual as much as for disciplinary action. Some companies, such as London Underground and Shell, have their own in-house counselling units.

Those which do not have to turn elsewhere. The charity Turning Point offers an advice service for organisations, and training for personnel staff and supervisors. John Marsden of Turning Point says: "We would always encourage an employer to survey local treatment services in their area. It's often possible to network into what's available". He adds that a number of treatment providers will co-operate by confirming that an employee who has been referred has in fact attended.

Drug Abuse Briefing 5th edition is published by the Institute for the Study of Drug Dependence. Tel: 071 928 1211.

Guidance notes on developing a workplace policy on alcohol and drugs are published by the Health & Safety Office. Tel 0279 755 377.

The author is a London general practitioner.



Without a captain, but a competent crew: the triumvirate responsible for running Leeds since February last year are (l to r) Roger Boyes, Chris Chadwick and John Miller

Empty room at the top

Alison Smith looks at Leeds Permanent's long quest for a chief executive

Yesterday was an important anniversary for Britain's fifth largest building society, Leeds Permanent. But there were no celebrations. A year ago it announced plans to merge with a rival, National & Provincial, in a deal which would have created the UK's third largest society and given Leeds a much-needed chief executive.

But the post-announcement merger talks came unstuck, and they called the whole thing off in October. Since then Leeds has remained without a chief executive, as headhunters have scoured the globe in search of anyone remotely qualified who wanted the job.

The room at the top had been caused by Mike Blackburn's decision the previous February to leave Leeds to run Halifax Building Society, the UK's largest mortgage lender. Roger Boyes, Leeds' finance director, stepped into the breach to become acting chief executive, and has been there ever since.

The months of waiting have thrown up two broad issues: the management of the society during the interregnum, and the poor handling of the search for a new leader.

The vacancy has overshadowed whatever Leeds has done since October. Whether it was announcing a 22 per cent increase in pre-tax profits for 1992-93 last November; publishing a 37 per cent rise in interim pre-tax profits in April; or giving details of Leeds Life, its new life insurance subsidiary, the recurrent question was whether it had found anyone to lead the society.

It has become clear that the person will come from outside: an insider would have been appointed long ago. At least two senior executives from other societies – many more, according to gossip within the sector – have been canvassed about the post. The affair has become almost a standing joke and in time could affect the society's credit ratings.

"Eighteen months without a chief executive is too long, and the blame for this failure to make an appointment must rest squarely on the shoulders of the board," says John Wriglesworth, societies analyst at the banking group UBS.

The delay has added to the difficulties in finding a new chief executive. Blackburn's successor will be under no illusions about having been the first choice and may well wonder what deterred earlier candidates from taking the post. It has also added to the obstacles which the appointee will have to overcome.

'Eighteen months without a chief executive is too long, and the blame for this . . . must rest squarely on the shoulders of the board'

This is not because the organisation has been poorly run over the past one and a half years, but because the existing management has acquired a better-than-adequate track record. The longer this has continued, the more Leeds executives may question what even a paragon will bring to the organisation.

The triumvirate who have been most responsible for running Leeds since February last year were all appointed by Blackburn and are all from outside the societies sector: Boyes joined the society from a background in engineering; Chris Chadwick, commercial director, from American Express; and John Miller, information systems director, from manufacturing.

Boyes is careful to emphasise the contribution of the broader executive team, through the 10-strong management committee, which he describes as the "bedrock" of the society.

The past 18 months have also put a spotlight on the role of the chairman, Malcolm Barr. His involvement in the running of the organisation has been seen by some other societies as well beyond that of their chairmen, and potentially cramping for any potential chief executive considering the post since October.

Boyes says simply that the chairman of a society falls into one of two categories, and unless he is merely a titular head, then he would be expected to be around a couple of days a week at least.

At any rate, Barr's role is no longer a factor in the quest for a chief executive: he will retire in January at 68, and last month John King, an existing non-executive director, was appointed chairman-elect.

Competitors accept that Boyes and his team have done a competent job and have the backing of Leeds' staff, but there remains a question about strategic issues.

The need for a long view is particularly pressing when, as a result of the Treasury review of the sector's legislation, societies will have access to new powers. They are already facing intensified competition in high street financial services.

The approach of Leeds, the UK's fifth largest society, has been based on its position as a large but not dominant organisation in the retail financial services market.

In order to make effective use of its branch network, while recognising that it cannot offer every service in competition with the clearing banks, it offers a broader range of facilities to customers than some of its rivals. Boyes describes the strategy as "ever-evolving", but it is hard to escape the conclusion that at some point it will need fresh impetus as well as fine-tuning.

Future planning is where the continued uncertainty has been a problem, with executives questioning what would happen if an incoming chief executive took a totally different view of the way forward.

Boyes' answer underlines the organisation's continued confidence: "I say to them that if we have forged a robust strategy, then the case for any U-turn would need to be substantiated."

Leeds accepts it needs a more conventional management structure, and would benefit from the higher profile a new chief executive would give it. "The current arrangement cannot be tenable in the long haul," says Boyes.

The long haul may almost be over. Fresh rumours suggest Leeds is nearing the end of its quest. It is both a good and bad comment on the society that 18 months ago finding a chief executive should have been straightforward; finding one now looks like an achievement.

PUBLIC NOTICES

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SUB-SECTIONS 8(5) AND 10(6) OF THE TELECOMMUNICATIONS ACT 1984

The Secretary of State hereby gives notice as follows.

1. He proposes to grant a licence under the Telecommunications Act 1984 ("the Act") to AT&T Communications (UK) LTD ("the Licensee") to run telecommunication systems throughout the United Kingdom. The licence will be for a period of 25 years subject to earlier revocation in specified circumstances.

2. The principal effect of the licence will be to enable the Licensee to install and run telecommunication systems throughout the United Kingdom. The Licensee will be able to provide a wide range of services but excluding mobile radio services and certain international services. The licence authorises connection to a wide range of other systems, including earth orbiting apparatus, allowing the provision of some types of international satellite service. On securing a share of 25% or more of the market in respect of particular services in an area specified by the Director General of Telecommunications, the Licensee may be obliged to make available those telecommunication services to all who reasonably request them within that area.

3. The licence will be subject to conditions such that section 8 of the Act will apply to it, thereby making each of the systems run under the licence eligible for designation as a public telecommunication system under section 9 of the Act. It is the intention of the Secretary of State to designate each of the Licensee's systems as a public telecommunication system.

4. The licence will be subject to a condition with regard to production of telecommunication apparatus and procurement of such apparatus from the Licensee, its parent, subsidiaries or other subsidiaries of the Licensee's parent.

5. The Secretary of State proposes to grant the licence in response to an application from the Licensee for such a licence because he considers that it will help to satisfy demands in the United Kingdom for the provision of services of the type authorised, will promote the interests of consumers in respect of the quality, variety of and prices charged for such services and telecommunication apparatus and will maintain and promote effective competition between those engaged in the provision of telecommunication services and production of telecommunication apparatus.

6. He proposes to apply the telecommunications code ("the Code") to the Licensee subject to certain exceptions and conditions throughout the United Kingdom. The effect of the exceptions and conditions to the application of the Code is that the Licensee will have duties:

(a) to comply with various safety and environmental conditions, in particular (with certain exceptions) to install lines underground or only on such above-ground apparatus as is already installed for any purpose;

(b) to comply with conditions designed to ensure efficiency and economy on the part of the Licensee, in connection with the execution of works on land concerning the installation, maintenance, repair or alteration of its apparatus;

(c) to consult certain public bodies before exercising particular powers under the Code, including the local planning and highway authorities and English Nature, Scottish Natural Heritage, the Countryside Council for Wales, the National Trust and the National Trust for Scotland, as well as relevant electricity suppliers;

(d) to keep and make available records of the location of underground apparatus and copies of the exceptions and conditions in the licence to its powers under the Code; and

(e) to ensure that sufficient funds are available to meet certain liabilities arising from the execution of street works.

7. The reason why the Secretary of State proposes to apply the Code to the Licensee is that the Licensee will need the statutory powers in the Code to install and maintain the telecommunication systems which are to be installed and run under the proposed licence.

8. The reasons why it is proposed that the Code as applied should have effect subject to the exceptions and conditions referred to above are that they are considered requisite or expedient for the purpose of securing that the physical environment is protected, that there is no greater damage to land than necessary, that the systems are installed as safely and economically as possible, and that the Licensee can meet (and relevant persons can enforce) liabilities arising from the execution of works.

9. Representations or objections may be made in respect of the proposed licence, the application of the Code to the Licensee and the proposed exceptions and conditions referred to above. They should be made in writing by 13 September 1994 and addressed to the undersigned at the Department of Trade and Industry, Telecommunications and Posts Division, Room 2.78, 151 Buckingham Palace Road, London, SW1W 9SS. Copies of the proposed licence can freely be obtained by writing to the Department or by calling 071-215 1756.

Ian Fletcher
Department of Trade and Industry

5 August 1994

LEGAL NOTICES

No. 003953 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
NSM plc
-and-
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that an Order of High Court Justice, Chancery Division dated the 20th July 1994 confirming the cancellation of the Capital Redemption Reserve and the reduction of the amount standing to the credit of the Share Premium Account of the above named Company by £2,585,396.36 was registered by the Registrar of Companies on the 22nd July 1994.

Dated 5th August 1994
CLIFFORD CHANCE
200 Aldersgate Street, London EC1A 4JJ
Ref: RWC
Solicitors to the Company

No. 004140 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
ARCADIAN INTERNATIONAL Plc
-and-
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that an Order of High Court Justice, Chancery Division dated the 20th July 1994 confirming the reduction of the amount standing to the credit of the Share Premium Account of the above named Company by £1,750,000 was registered by the Registrar of Companies on the 22nd July 1994.

Dated 5th August 1994
CLIFFORD CHANCE
200 Aldersgate Street, London EC1A 4JJ
Ref: RWC
Solicitors to the Company

No. 004053 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
M.Y. HOLDINGS plc
-and-
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that an Order of High Court Justice, Chancery Division dated the 20th July 1994 confirming the cancellation of the amount standing to the credit of the Share Premium Account of the above named Company was registered by the Registrar of Companies on the 22nd July 1994.

Dated 5th August 1994
CLIFFORD CHANCE
200 Aldersgate Street, London EC1A 4JJ
Ref: RWC
Solicitors to the Company

No. 004160 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
HAWTAL WHITING HOLDINGS plc
-and-
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that an Order of High Court Justice, Chancery Division dated the 20th July 1994 confirming the reduction of the amount standing to the credit of the Share Premium Account of the above named Company by £2,300,000 was registered by the Registrar of Companies on the 22nd July 1994.

Dated 5th August 1994
CLIFFORD CHANCE
200 Aldersgate Street, London EC1A 4JJ
Ref: RWC
Solicitors to the Company

COMPANY NOTICES

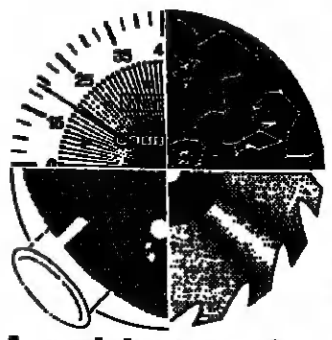
**INSURANCE COMPANIES ACT 1982
THE CHIYODA FIRE & MARINE INSURANCE COMPANY LIMITED (UK BRANCH)**

TRANSFER OF GENERAL BUSINESS

1. NOTICE IS HEREBY GIVEN that THE CHIYODA FIRE & MARINE INSURANCE COMPANY LIMITED (UK BRANCH) applied to the Secretary of State for Trade and Industry on 29 June 1994 for his approval, pursuant to section 51 of the Insurance Companies Act 1982, to transfer to THE CHIYODA FIRE AND MARINE INSURANCE COMPANY (EUROPE) LIMITED all of its rights and obligations under policies written by it in the United Kingdom prior to 30 June 1977.
2. Copies of the Statement of Particulars of the proposed transfer are available for inspection at the offices of The Chiyoda Fire and Marine Insurance Company (Europe) Limited at Norwich Winterthur House, Rose Lane, Norwich, NR1 1JY, from Monday to Friday inclusive between the hours of 9.00 am and 5.00 pm until 5th September 1994.
3. Written representations regarding the transfer may be sent to the Secretary of State for Trade and Industry, Department of Trade and Industry, Insurance Division, 10-18 Victoria Street, London SW1H 0NN before 4th October 1994. The Secretary of State will not determine the application until after considering any representations made to him before that date.

TECHNOLOGY

Worth Watching · Vanessa Houlder



A model approach to close-up pictures

A pilotless helicopter, fitted with a video camera, has been developed to take high-quality, close-up pictures in inaccessible or hazardous situations, *writes Andrew Derrington.*

The system, available from Cunningham Aerial Inspection Services, has applications in loss adjusting and has already been used to inspect fire-damaged buildings and forests.

The model's small size and the fact that it is pilotless allows it to go where conventional helicopters cannot. It is controlled by two operators on the ground, linked by radio. One watches the video pictures while the other pilots the helicopter under visual control.

The new system is based on a light-weight airframe (10oz). Camera vibration has been reduced by a mechano-electric mounting that enables close inspection of the finest details.

Cunningham Aerial Inspection Services: UK, tel 071 816 1800; fax 071 816 1816.

Genetically disabling the virus

The human immune system can, given time, fight off just about any microscopic invader. But the body is sometimes overwhelmed by an invader before it can muster its defences, *writes Daniel Green.*

At a conference in Vancouver, Canada, yesterday, UK biotechnology company Cantab presented the results of animal experiments that promise to overcome this problem: it has developed a way of genetically disabling a virus so that it stimulates the immune system but does not reproduce and cause illness.

The Disabled Infectious Single Cycle virus seems to work by preventing and curing herpes in mice and guinea pigs.

Cantab's manufacturing plant should be ready by the end of the year.

Cantab Pharmaceuticals: UK, tel 0223 423413; fax 0223 423458.

Computers get a bigger vocabulary

Computer systems capable of recognising the spoken word have found uses in a range of telephone-based applications, such as call-answering systems and automated information lines.

But these systems, which have to recognise a variety of voices and accents, have a very small vocabulary. This is because speech recognisers usually work by collecting vocabularies and downloading them on to proprietary hardware, which limits the system to the vocabulary on the hardware.

Computer & Communications Company, a Cambridge-based business, has developed a vocabulary collection and storage technique which does not use special speech recognition hardware.

Its WordCraft software, used with a voice processing system, allows developers to build large vocabulary speech recognition systems that can cope with different voices.

Computers & Communications Company: UK: tel 0223 423562; fax 0223 420709.

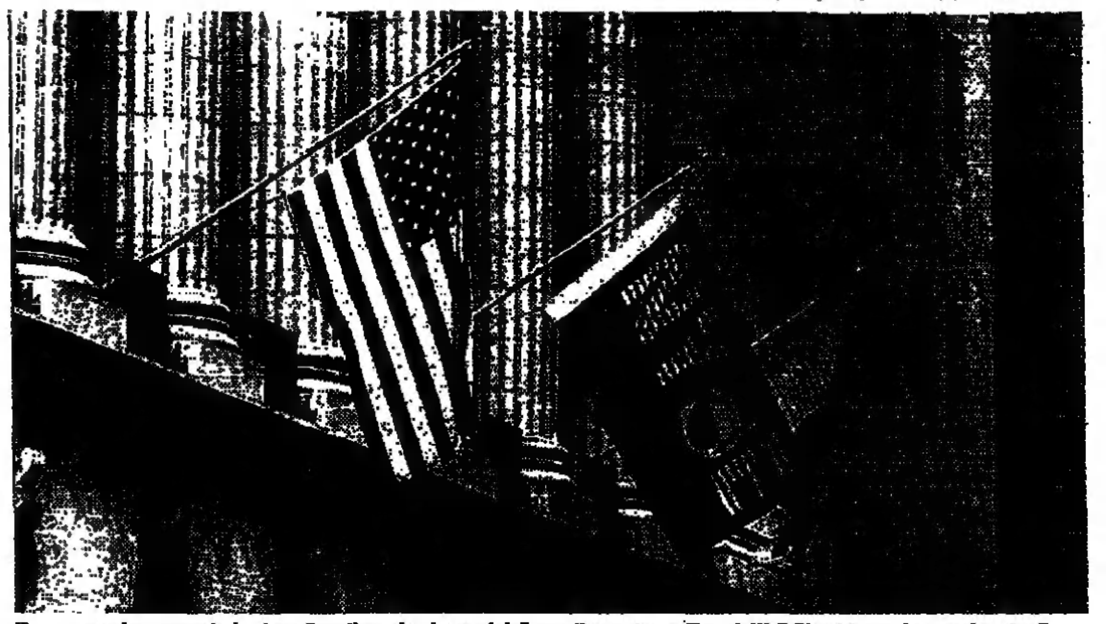
Crystal clear data storage

Holographic crystals have the potential to store large amounts of information more efficiently than any existing information storage system.

Scientists at Stanford University report in this week's issue of Science, a US journal, that they have developed a fully automated digital holographic data storage system with a total useful data capacity of 163,000 bytes.

The technique involves converting data to an optical signal which is then recorded in a holographic crystal. The information can be retrieved by illuminating the crystal and converting the optical signal back into an electronic signal. Potentially, this technique could be used to store trillions of bytes of information.

John Heanue, Stanford University: US: tel 415 723 9127.



By encouraging computerised confirmation, clearing and delivery, the system will push Wall Street towards paperless trading

Calling time on Wall Street

The move to a three-day settlement period is a technological nightmare, writes Victoria Griffith

When US regulators studied the stock market crash of 1987, they agreed that one factor had a pervasive, negative impact – time. Trades were taking so long to settle that it took days before investors had an exact idea of their losses. "Time equals risk" became a maxim of the Securities and Exchange Commission, the US securities market watchdog. As a result, the agency mandated a June 1995 deadline for Wall Street to move from five-day to three-day settlement of stocks and bonds.

The change, dubbed "T plus Three" (trade-plus-three), represents a big step in improved efficiency in the US markets, but a technological nightmare for Wall Street. Every computer instruction for five-day settlement must now be changed to three.

"We process 160,000 trades a day, and each trade generates several confirmations," says Bruce Garland, vice-president of the Depository Trust Company, a US settlement and clearing house. "That means an awful lot of changes in computer entries." Everyone acknowledges that the price tag will be hefty. Hopes that the SEC would push back the deadline have been dashed and firms are beginning to scramble in order to be ready in time.

Regulators hope the industry will face lower risk under the T plus Three system. As things stand now, a full five days lapse before trades are confirmed and paid for. This leaves ample time for misunderstandings and credit failures.

Under three-day settlement, all parties will be sure where they stand within three days of the trade date. "No one wants to wait five days to find out their trading tickets are wrong," says Garland. "The whole system needs to move faster." Despite its cost and challenge, the new T plus Three rule represents a significant opportunity for the US securities industry to reassess its technological capacity and adapt to current needs and future demands.

"Since companies have to re-evaluate their technology anyway, it makes sense to use this opportunity to re-engineer their entire work flow and prepare themselves technologically for the future," says Michael Reddy, chairman of FACS Corporation, the consultancy which is advising companies on the T plus Three change.

Under three-day settlement, speed will become vital, and companies are likely to rely increasingly on electronic communication to quicken the pace. By encouraging computerised confirmation, clearing and delivery, the new system will help push Wall Street towards paperless trading.

Some changes may also be in store for retail customers, as placing buy and sell orders from home computers becomes easier. In the near future, purchases may even be electronically debited to customers' credit cards or bank accounts.

One of the key systems allowing for rapid settlement is the Depository Trust Company's "interactive institutional delivery", nicknamed interactive ID, which allows firms to confirm trades in real time. In the past, firms filed all their transactions together at the end of the day with the DTC. However, regulators fear that with settlement dates moved up, the system would overload with the entire industry reporting at the same time.

"If firms don't start to use interactive ID regularly, the system will break down," says Reddy. The SEC is even considering making the use of interactive ID mandatory for certain trades. Under the interactive ID system, a broker sends information back to the institutional investor through electronic DTC hookup. The institution confirms in a matter of minutes. DTC then sends confirmation to the institution, broker and the institution's agent.

The system could be adapted to send confirmation to personal computers linked to the DTC network or even to faxes. Although the ultimate goal is for firms to report and confirm trades within minutes of their execution, many companies, still do not have the ability to do so. DTC says it is therefore encouraging firms to report several times a day, referred to as "multi-batch", in order to prepare for a shift to real time.

"Technology is only as good as its weakest link," says Stuart Goldstein, a spokesman for the National Securities Clearing Corporation, a Wall Street clearing house. "To really move to real time, the entire industry has to do so, not just a few players."

The NSCC is trying to speed up settlement by reducing the number of physical certificates that must change hands. The company plans to operate a vault to be shared by all clients. When the certificates change hands, it is simply noted by computer entry at the NSCC. The NSCC is also working with the SEC to replace physical securities now required for certain commercial paper and initial public offerings with electronic certificates.

One of the main concerns on Wall Street is to build flexibility into any new technologies to facilitate modifications later on. "We need a technological platform from which to grow. Volume levels continue to grow, and we'll need to be able to handle that. Rules might change too, and we need to meet those new demands," says Goldstein.

One rule that may change before the end of the decade is a further tightening of settlement time. "T plus One is not that far away," says Reddy. Crucial to ensuring flexibility are "relationship databases". In the past, most Wall Street firms wrote computer programs on a step-by-step basis. One step would affect another, but the computer could not see how by itself. Any change in the system, therefore, would require a programmer to rewrite each step individually.

Under the increasingly used relationship databases, the computer program is built around functions. Change one step and the computer automatically does the rest. As Wall Street sheds its reliance on paper, demand for certificates continues to fall.

The SEC has launched an educational campaign to convince brokers and investors that in most cases, electronic confirmation is as good as a physical document.

Aids under review

The market for HIV and Aids treatments in the six largest developed countries should increase more than five-fold over the next 10 years.

The markets in the US, Japan, Germany, France, Italy and the UK are presently worth $264m (£176m) and could rise to over $1.4bn by 2003, claims a report* by Pharma Strategy Group, a division of IMS Global Services. These markets represent about 75 per cent of the global market for systemic anti-viral drugs for HIV and Aids.

Sales would be highest in the US with 43 per cent of the market, followed by Italy (19 per cent) and France (17 per cent). The fastest-growing market would be Japan, up 1,700 per cent, while the slowest would be the UK, up 131 per cent.

Market growth would be driven by an increase in duration of treatment which could rise from about three years in 1993 to six years by 2003. In addition, the proportion of HIV-positive individuals without symptoms taking treatment should rise from about 20 per cent to 60 per cent.

The report argues that the market, presently dominated by Wellcome's AZT, or Retrovir, and Bristol-Myers Squibb's Videx should fragment. This would partly be due to resistance and partly through the introduction of new products, such as protease inhibitors, new reverse transcriptase inhibitors and anti-sense products. In addition, treatment with a single drug would be replaced by combinations of new and existing therapies.

It was predicted the rate of growth in the incidence of the disease in the developed world would decline, except in Japan.

The market for anti-virals could collapse if vaccines for HIV become a reality, but the report argued this was a remote possibility over the next decade.

**Pharmacast Aids/HIV, Pharma Strategy Group, Tel. 071 393 5226. Cost of international study is £9,000 or £2,000 per country.*

Paul Abrahams

PROPERTY

Turnround down under

Nikki Tait on Australia's improving commercial market

Wander through the heart of Sydney's business district, and you will notice an elegant, refurbished deco property, known as the Grace Building. Encompassing some 21,500 square metres of empty office space, it was sold by Japan's Shimizu corporation to the Malaysian Low Yat group for A$16.5m (£7.8m) earlier this year.

Given that the Japanese had bought the property for more than twice this amount, the sale would not seem to be the brightest harbinger for the Australian property market. Yet the fact that it took place at all, and that properties are finally changing hands, is interpreted as a healthy development.

Agents and investors generally agree that the commercial property market, which collapsed in 1989, turned a corner in the latter half of 1993. Initially, they say, there was a marked "bounce-back" in values, followed by a more recent period of consolidation. What happens next, says a senior property manager with one of the country's largest institutions, will depend upon the pace and sustainability of the current economic upturn.

"What had occurred in the commercial property market was an overreaction," he says. "There's been a significant spring in values over the past 12 months. Now it's a question of waiting for the fundamentals, such as an expansion of tenants, to gather strength."

The peaking-out of the commercial property market in 1989 came at the end of a 19-year cycle, and was triggered by a combination of debt-financed, speculative overbuilding and crumbling demand as the business sector contracted and the economy went into recession.

The result was predictable. Vacancy rates soared in the early-1990s as a backlog of newly-built offices emerged in the main urban centres – Sydney, Melbourne, Perth and, to a lesser extent, Brisbane. In Melbourne alone available office space increased by almost 40 per cent between 1990 and 1994, a net addition of about 900,000 sq m. Almost half of this increase was accounted for by new "landmark" towers, according to Graham Strachan, research director at Richard Ellis, surveyors.

The result was a buyers' market. Efforts to woo tenants intensified, and incentives ate up an increasing proportion of the face-value of new lease agreements.

The number of commercial property transactions, meanwhile, nose-dived as institutional investors wound down their property portfolio weightings and big foreign investors, such as the Japanese, retrenched. In broad terms, institutional exposure to property halved between early-1988 and 1993, reaching 6-7 per cent of total portfolio weightings by the end of that year.

Many of the market's problems have been little different to those of the US or UK sectors, which both experienced bruising property downturns in the late 1980s. However, the Australian market's turning-point came somewhat later, perhaps six months behind that of Britain's in early 1993. Some Sydney residents think that the decision to award the 2000 Olympics Games to their city, announced in late-September last year, marked the start of the upturn – although they admit that the effect was primarily on sentiment. The net impact of the Games on construction activity nationwide was put at only A$373m, while peak demand for extra office space was estimated at 75,000 sq m, or less than 2 per cent of Sydney's current 'central business district' market.

What has occured since the end of 1993 is a selective recovery. In terms of rental demand, most of the leading cities have seen a flurry of activity at the top end of the office market. According to Philip Lees, associate director at Knight Frank Hooker, office vacancies in Sydney topped out at 23-24 per cent in the first quarter of this year and are now "rapidly diminishing" for prime or A-grade properties.

Much of this, he admits, is due to tenants trading into more favourable locations. The use of incentives to woo new clients is still widespread but has at least fallen from a peak of 45 per cent of the face-value of the lease. Rent reviews, he says, are now being introduced from year six of an agreement.

In Melbourne, Mr Strachan of Richard Ellis sees a similar situation, but stresses that it is only the top end of the market which is benefitting. Vacancy rates in the "top 20" business locations have fallen from about 30 per cent in 1991, to about 11 per cent at present. But this improvement has been at the expense of second-grade properties. The vacancy rate overall is still about 24 per cent.

One outcome of these still-patchy conditions has been the much-publicised trend towards converting commercial properties to residential use – with the end-result usually billed to home-buyers as trendy "Manhattan-style", warehouse living. But at least some property companies think the vogue may have attracted more attention than it deserves.

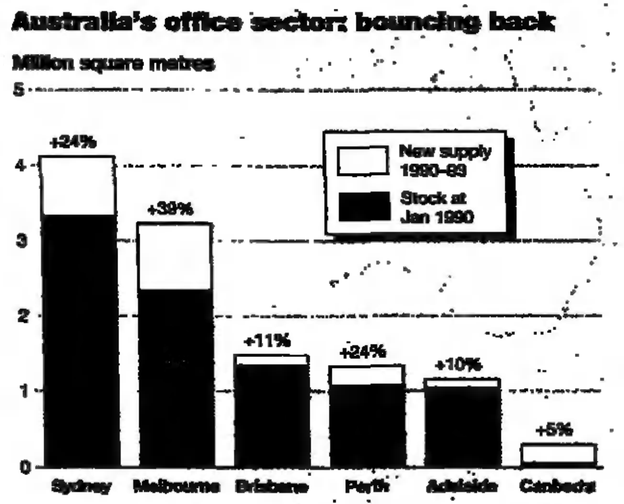
"These conversions happened because of the poor state of the office market, and were led by developers not customers," says one agent. "The banks are now more stringent, and demanding that 80 per cent of units are pre-sold. The market is correcting itself."

On the sales side, meanwhile, the feeling among agents and investors that the commercial property market has passed its nadir is growing, and that there is evidence that buyers are returning. This is partly a domestic trend: several institutions – such as the National Mutual, the Australian Mutual Provident and Bankers Trust Australia – are thought to be back in the market, and fund managers privately confirm this.

More marked, however, is the overseas interest. South-east Asian investors – notably from Malaysia, Singapore and Hong Kong – have been prominent, seeing Australia, with its stable political system, as a "safe haven". Some agents report that these investors tend to prefer good, second-tier properties, and have thus helped to underpin the lower end of the market.

The increase in buyer interest, meanwhile, has allowed some Japanese investors to liquidate holdings – a process which is still continuing. This week, for example, the Park Grand hotel, in central Sydney, was sold for an undisclosed sum, thought to be in excess of A$300m, by Kajima Properties, which had placed the property in receivership in February. In this instance, the buyer was American – ITT Sheraton, the hotels group.

Australia's office sector: bouncing back



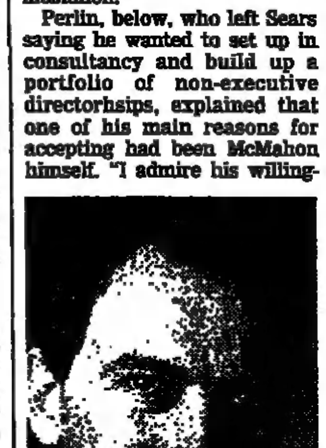
Source: Richard Ellis

PEOPLE

Pentos books Perlin

Pentos, the struggling specialty retailer, is rebuilding its board which currently lacks a finance director as well as sufficient weight of non-executives. Howard Perlin, director of acquisitions and disposals at Sears until March, was yesterday appointed to the board as the first of two or three new non-executive directors, according to chairman Sir Kit McMahon.

Perlin, below, who left Sears saying he wanted to set up in consultancy and build up a portfolio of non-executive directorhsips, explained that one of his main reasons for accepting had been McMahon himself. "I admire his willingness to be frank about what happened. He didn't want to be chairman; I am impressed by what he has faced up to."



Pentos founder Terry Maher, who had been both chairman and chief executive, was ousted towards the end of 1993, when the company reported losses of £70.6m for the twelve months to December 31.

While Perlin was introduced by headhunters Heidrick & Struggles, Sir Kit was easily able to check him out. Perlin had joined Sears as personal assistant to Geoffrey Maitland Smith, who now chairs the retail group, and who is well known to McMahon, as they sat together for several years on the board of Midland Bank.

McMahon says that while Pentos has "not got the plate out", Perlin's considerable experience of company disposals may come in useful, in due course.

Greenalls puts greater emphasis on property management

John Longden's appointment as group property director of Warrington-based Greenalls, which quit brewing to concentrate on its pubs and hotels operations, is fresh evidence that the right brands and good management are not the only keys to success in the increasingly specialised pub retailing business.

Greenalls is believed to be the first major pub retailer to appoint a property specialist to its main board. Longden, 49, is a chartered surveyor, who has more than 20 years experience in the drinks and leisure sector, having worked for companies ranging from Grand Metropolitan to Trust House Forte and Samuel Smith. Longden believes that pub retailers need to give the same attention to managing their property assets as do the big supermarket chains.

Longden has been headhunted away from Bass, where he was director of property and deputy chairman of Bass Developments. He had been responsible for £3.2bn of properties around the world and also looked after Bass Developments which made £3m a year from developing individual properties and selling them on.

Bass, in common with other brewers, has been forced to rationalise its public house estate following the 1989 Monopolies and Mergers Commission report on the industry. Consequently, Longden has been responsible for selling over 4,000 properties over the last five years, which he believes is bigger than the combined transactions of the big banks which have also been trying to make the best use of their retail outlets by selling off hundreds of surplus properties.

Greenalls, which has about 2000 outlets, is considerably smaller than Bass. But Longden was attracted by the promise of a seat on the main board and the chance to join what he calls a "very stylish and fast-moving licensed retailer".

Sieff retires from FIBI

Lord Sieff, 81, the former chairman of Marks and Spencer and one of the grand old names of British retailing, has retired after nearly 11 years as chairman of FIBI Bank (UK), the London arm of the First International Bank of Israel, one of Israel's top five banks.

However, the family link between Marks and Spencer and one of Israel's most profitable banks, is continuing. David Sieff, 55, Lord Sieff's son and an executive director of M & S, has joined the board of the small City-based bank and has taken over as chairman. Last year FIBI Bank (UK) made pre-tax profits of £2.0m on shareholders funds of £19.6m. Its total assets grew by 26 per cent to £75.6m.

The Israeli parent of FIBI Bank (UK) is unusual in that it is privately owned. In November 1990 it was bought by two Brazil-based bankers, Yosef and Moise Safra, brothers of Edmond Safra who controls one of the world's biggest private banking empires.

Full diary at Letts for Alan Mills, new chairman

Charles Letts, one of the UK's leading diary publishers, has for the first time in its 198-year history moved outside the Letts family to find a new chairman.

Alan Mills, 61, who started his working life in 1949 with the English Electric Light Company, has become the new (non-executive) chairman.

Mills has a long track record in a variety of electrical companies, including most recently the chairman and chief executive roles of GEC, Canada (between 1986-89) and managing director at Osram (between 1989-1993). He also has overseas experience, from time spent in Qatar, India and Hong Kong.

Mills joined the board of Letts in 1993, along with Bill Gore, its chief executive. Mills takes over from Anthony Letts, who remains a non-executive director.

In its first results since being the subject of a management buy-in last December, Letts reported pre-tax profits of £785,000 in May this year, for the year ending January 1994. The company reckons to have some 25 per cent of the UK diary market, worth about £70m annually.

■ Keith Siddall has retired as deputy chairman of Sanderson-Bramall Motor Group at the age of 62. Siddall, a chartered accountant, was appointed deputy chairman and commercial director of the motor dealership group just over two years ago. He was previously with CD Bramall, the motor dealer built up by Tony Bramall, Sanderson Bramall's chairman and chief executive.

SelecTV's new finance director

Ian Buckley, 39, former joint head of corporate finance at Carr Kitcat and Aitken, is going to work for one of his old clients.

He is taking over as finance director of SelecTV, the independent television production company behind comedy and drama series such as Birds of a Feather and Lovejoy.

Buckley, who has known SelecTV's chief executive Allan McKeown for some time, was appointed a non-executive director in May.

Buckley had lost his job at Carr Kitcat following Banque Indosuez's decision to close down his part of the business. Rather than go to work for yet another broker he decided that he wanted to try something else.

Nicola Egerton-King, SelecTV's current finance director, has handed in her notice and Buckley, a chartered accountant, will take over responsibility for the group's financial affairs from September 5.

SelecTV, currently capitalised at £37m, increased its pre-tax profits by 14 per cent to £928,000 on a 19 per cent rise in turnover to £23.8m in the year to end-March.

Ian Buckley is not related to Michael Buckley, one of the company's founders, ousted as SelecTV's chairman last year following a boardroom row over payments to McKeown.

A 'Ring' on the light side

The new Bayreuth cycle is all image, no substance, says **Andrew Clark**

So *The Ring* has come full circle, and the designer has ended up wearing the trousers. Rosalie (real name Gudrun Müller), the first woman to design Wagner's tetralogy, set the agenda for Bayreuth's new production from start to finish, decorating it according to her own whim and fancy. The result was a designer-*Ring* – all image and no substance. Perhaps she should be congratulated for such an apt sign of our times.

Siegfried and *Götterdämmerung* were a marginal improvement on the first two evenings, on which I reported last Friday. The costumes for *Siegfried* seemed less pushy, and the forest murmurs were memorably re-created on stage and in the pit. John Tomlinson answered his opening-night critics with a glorious performance as the Wanderer, for which he won the biggest ovation of all. The new Siegfried, Wolfgang Schmidt, was as likable as he was dependable. And by softening her stage personality, Deborah Polaski emerged as a commanding Brunnhilde. The festival orchestra continued to play for James Levine with virtuoso, singer-friendly transparence – enough to silence those who insist that the covered pit at Bayreuth prevents Wagner's *Ring*-orchestration from being properly heard.

But this has been Rosalie's *Ring*. It was she who provided the ideas, stepping into the interpretative void left by the stage director, Alfred Kirchner. Had anyone ever seen a giant, a dragon or a god, she asked during press interviews? No, so she would invent her own, selected from 2000 colour-coded costume-sketches: blue for purity, green for nature, red for blood-and-aggression, black for death. And yet she failed to come up with anything more original for the Rhinemaidens than bikers' outfits, or a vast décolleté gown for Gutrune. Like many a static art installation, her designs were an expensive and circuitous way of stating the obvious – dressing up *The Ring*, and simultaneously trivialising it.

Siegfried was the high point of the cycle, largely because Rosalie's futuristic fantasy found a home in the fairy-tale world of forest, Fafner and magic fire circle. The settings drifted towards naturalistic illusion: best of all was the leafy canopy for Act 2, an overhead sea of undulating green umbrellas. Kirchner also found the right context for his satirical touches – the sight of a "real" bear careering onto the stage on a swing was genuinely funny, like a children's cartoon. And the Siegfried-Brunnhilde scene made an exhilarating climax, because of its restraint and tenderness, and the way the stage direction was a purposeful match for the music.

For most of *Götterdämmerung*, we were back where we started, shifting around the surface of *The Ring* without penetrating its centre. The opening benefitted from scenic minimalism, with the Norns shrouded in amorphous cloaks and the Gibichungs perched on stylised thrones. But Siegfried's arrival had a whiff of knockabout comedy, and just why the Gibichung women were dressed in orange masks was anyone's guess. With the trio of vengeance and Siegfried's dying aria, the production dissolved into grand opera.

Nothing symbolised Kirchner's approach better than the final tableau – the same bare, convex platform that had been there from the start, now illuminated by a quiet pool of light. End of one world and the foundation for a better one? It was a tame ending to a tame production, giving the audience nothing to take home and chew. Even Peter Hall's *Ring* stirred more discussion than this.

But we certainly *heard* more of *The Ring* than before. Kirchner obligingly lowered the curtain at every opportunity, including the whole of Siegfried's Rhine journey and funeral march. Levine and the orchestra responded with cleanly-sculpted playing and a lilting lyricism which brought Weber to mind. But the price for such musicality was high. Long stretches of *Die Walküre* and *Siegfried* were just too slow (though not the *Siegfried* finale, which had a beautifully-sustained spaciousness). Levine's refined sound-concept made you feel good, but missed the darker drama of Wagner. In this, his interpretation was at one with the staging.

John Tomlinson: a glorious performance as The Wanderer in 'Siegfried'

No-one can have been more heartened by Tomlinson's comeback than the singer himself. His Wanderer was less inhibited than the opening two nights, and more conventionally dressed. In a sense he was the victim of his success in the Kupfer *Ring*, and will forever be identified with that production's extremes. For the Kirchner *Ring* he had to suppress his natural stage expressionism, and we must hope that in time he succeeds. A blander singer like James Morris would have found this production easier to swallow.

Schmidt's Siegfried was sunny-faced, cuddly and tireless. His intonation may have been variable, but he was never less than sensitive, delivering "Ein wonniges Weib" with the grace of a Lieder singer. Polaski's Brunnhilde has at last learned how to express love and compassion. Tall, handsome and dignified, she moved and sang well, without ever quite touching the heart. Manfred Jung's Mime was more comic than characterful, while Birgitta Svenden made an ethereal Erda. Falk Struckmann was the virile Gunther, Eric Halfvarson a charcoal-voiced Fafner and Hagen. Everyone had been well schooled by Levine.

New *Ring* productions at Bayreuth always need time to settle, so perhaps this one will yield more over the next four summers. The 1995 festival will open with Wolfgang Wagner's ten-year old *Tannhäuser* production, and 1996 will see a new *Meistersinger*, conducted by Daniel Barenboim and again produced by Wolfgang. With the honourable exception of Heiner Müller's staging of *Tristan und Isolde* (new last year), it looks as if Bayreuth has already run out of ideas for the 1990s.

Theatre/Alastair Macaulay

Magical 'Dream' is a bit low on humanity

Just about everything in the Royal Shakespeare Company's new production of *A Midsummer Night's Dream* is mint-fresh. Every line seems to have been newly considered, so that you never feel, in this most familiar of Shakespeare plays, that you know how the rest of a speech or scene will go. The director is Adrian Noble and this spontaneity is perhaps the hallmark of his Shakespearian work. His designer, Anthony Ward, has some peculiar colour schemes but achieves some breathtaking effects of magic with his decor. Fairyland is a hanging forest of lightbulbs; Titania's bower is a vast bed-sized upside-down umbrella that lifts her and Bottom into the ether; and characters enter the wood through doors at the back, as if they were stepping into another world through C.S. Lewis's wardrobe. Chris Parry's lighting and Sue Lefton's choreography add further magic.

Yet, especially when you look at its individual characters, this is a callow account of the play. Noble has assembled the best possible cast from current Stratford performers, and yet he elicits performances no better than might be achieved by actors far less illustrious. This is especially true of the four mortal lovers, who are played without pathos, dignity, or depth. Why cast Toby Stephens (the RSC's current Coriolanus) as Lysander, Emma Fielding (its current Viola) as Hermia, or Haydn Gwynne (its Olivia and, in *Peer Gynt*, both Aase and Solveig) as Helena, when these roles – and Demetrius (Kevin Doyle) – are conceived as two-dimensional? Puck may say "what fools these mortals be", but we need not.

The fact that love's unfairness and Puck's mistakes hurl these four people into dismay never becomes serious. Sure, we should find their situation absurd. Now and then, however, as when Helena reminds Hermia of "the hours that we have spent when we have chid the hasty-footed time for parting us", we should see them as having some depth of feeling. When Hermia asks her ex-lover Lysander what greater harm than hate can he do her, we should see intelligence within misery. Lysander and Demetrius are clever enough to poke witty fun at Pyramus & Co. Not so here. Gwynne and Fielding perform Helena and Hermia neither impetuously enough to be particularly funny nor dignified enough to be poignant. Stephens and Doyle scarper about like buffoons. If *A Midsummer Night's Dream* takes so low a view of human beings, it is a remarkably un-Shakespearian play.

But Shakespeare's plasticity of characterisation is never apparent in this staging. Noble goes in for the double-casting whereby the same actors play Oberon and Theseus, Titania and Hippolyta, Puck and Philostrate. Alex Jennings wields a nice vein of pixie-like malice as Oberon, but cannot hold our attention with the role's flights of lyrical description; he plays Theseus much the same way, but since this role has little lyricism, it succeeds more easily. Stella Gonet floods the theatre with wanton, elfin charm as Titania and Hippolyta: ravishing but not really persuasive. Barry Lynch's lithe Puck comes off better.

There are many fresh strokes – such as Oberon's way of tripping up both Demetrius and Puck or how he and Puck survey the mortals' confusions from on top of doorways – but these are incidental. The massive scale of Oberon's and Titania's power-games, which affects the whole cycle of the seasons, does not become interesting. Instead, Theseus and Hippolyta heavily hint that they know what they were doing as Oberon and Titania, which leaves an unpleasant aftertaste.

Desmond Barrit does some marvellous things with sweet bully Bottom – overwhelming the rustics' rehearsal with his am-dram ambitions, equipped with not only donkey-ears but also massive donkey-teeth when transformed by Puck, and surprisingly quiet in Pyramus's grief. But I was surprised to see him mugging sometimes at the audience; and the role's humanity – Bottom's beautiful bewilderment on awakening, and his life-enhancing immediacy on returning to the rehearsals – does not quicken the pulse. Indeed, the finest performance in the whole cast is Philip Voss as Peter Quince; the patient way he deals with Bottom and his helpless delivery of his prologue have the funny *and* touching humanity that is too seldom in evidence elsewhere. Kenn Sabberton's Snug/Lion has it too; and Daniel Evans's Flute, beaming his way feyly through Thisbe, is the funniest of all. Moment by moment, this *Dream* is absolutely vivid; but Noble has wasted an illustrious cast and has given the play vigour at the expense of human variety.

In RSC repertory at the Royal Shakespeare Theatre, Stratford-upon-Avon until January 19.

Alastair Muir

Barry Lynch and Alex Jennings as Puck and Oberon

Sponsorship/Antony Thorncroft

Help in kind reaps reward

When the Association for Business Sponsorship of the Arts hands out its annual awards to companies that have supported the arts beyond the call of duty during 1994 (on November 21) there will be one new prize category – "sponsorship in kind."

And about time too, you may think. This activity is growing in importance, building on a long history of business giving its expertise and products to the arts. It goes back to the days when regional Rep props were manned with products from local manufacturers and retailers. It can be a modest expense for a company compared with handing over cash and also there is an obvious promotional advantage. ABSA in Scotland has already added this category to its annual awards list, and these days it is a naive arts organisation which does not look to companies for aid in kind.

The most obvious examples are in transportation. American Airlines made possible the American Festival in London last year by providing tickets for the artists, and United Airlines is currently supporting the ENO. At ground level BMW loaned cars to the recent Aldeburgh Festival and Hertz will service Edinburgh this month.

Behind the scenes, Digital has taken its obsession with the arts as far as giving computerised box office systems to the National Theatre, ENO, and Sadler's Wells; while IBM provided the computer graphics for the Leonardo exhibition at the Hayward on the South Bank.

Perhaps the most useful form of aid in kind is brain power. Business In The Arts was set up to lend managers; W.H. Smith, Marks & Spencer and Arthur Anderson are among the most enthusiastic companies to give staff time off to take their accounting, marketing, or computer skills to the aid of idealistic, if less business like, arts companies.

There is tremendous scope for imaginative relationships: in Northern Ireland, Duds and Suds, a launderette, offered to wash the costumes of the cast of the Arts Theatre in Belfast when it was performing *The Steamie*, while in Scotland Millhouse Design provided the posters, programme, merchandise and signing for the Edinburgh International Children's Festival while training its new personnel through work on the project.

Currently at the Serpentine Gallery in London, Helen Chadwick's controversial show *Effluvia* is enhanced by the fact that Trafford Carpets has provided the artificial green grass to show off her "Piss Sculptures". while the Royal Exchange in Manchester was provided with a new corporate bar by Charles Heidseick, the champagne house.

Arts organisations in the north of England have been helped by BT laying on free phones and faxes and ABSA itself benefits from free office accommodation in Manchester provided by P&O Properties. The National Freight Corporation has given the touring troupe Energy Exit Arts a van to transport its props while Scottish Ballet's tour of Russia was made much easier by Safeway providing the pantechnicons which carried its gear.

And so it goes on – Ibstock Building Projects supplied the clay, and then fired the thousands of small figurines which made up sculptor Antony Gormley's work "Field"; Kingfisher, the retail group, has suggested that its B&Q and Comet subsidiaries bolstered the Hay-on-Wye Festival by laying on floor and pathways, plus an audio system; while Becks Bier, the Scottish and Newcastle subsidiary, regularly provides free drinks at the launch parties of contemporary artists.

At least some of these companies can expect to be short-listed when ABSA prepares for its prize giving.

★

All good sponsorships come to an end and what better way to part friends than by holding a celebratory gala? That is what BT is doing for The Stables at Milton Keynes, the country home of John Dankworth and Cleo Laine and the venue for music festivals, courses, and jazz workshops. BT has put up £30,000 over the past three years, mainly to fund musical education, and on September 10 at London's Festival Hall it is backing an all star concert to mark the end of the deal.

BT has also just said goodbye to its New Contemporaries visual art sponsorship, but has taken on board BT National Connections, a youth theatre scheme which culminates with performances at the Royal National Theatre. Both show the main characteristics of a BT sponsorship – they cover the country; they are youth-orientated; and they encourage participation in the arts by non-professionals.

Rodger Broad, who controls an annual arts sponsorship budget of around £1.8m, the largest in the UK, has set aside around £250,000 for a new, yet to be determined, project to be running by next year. He is currently examining the dance field, but no decisions have been made. BT already sponsors Northern Ballet Theatre with £500,000 over three years.

★

Next month professional drama returns to Huddersfield after a gap of 40 years with the opening of the Lawrence Batley Theatre. Batley, now in his 80s, is credited with bringing cash and carry wholesaling to the UK, and his contribution of around £300,000 to the project, almost matching local authority grants, has immortalised his name. There are two auditoria, a 447 seat theatre and a 150 seat studio, in the complex. With lottery funding for new arts buildings dependent on matching contribution from arts organisations it is likely that more generous citizens will be commemorated in this way over the next few years.

INTERNATIONAL ARTS GUIDE

Impressionism at Edinburgh

Visitors to the Edinburgh Festival this month will be able to see a major survey of French landscape painting at the National Gallery of Scotland, opening next Thursday and running till October 23.

Entitled Monet to Matisse, the exhibition offers a revised interpretation of the development of landscape painting in France from 1874 to 1914. It aims to show how the great sociological and demographic changes of the 19th century influenced artists of the period.

Rural depopulation, the growth of urban industry and the advent of new technology - all these were reflected in painting. The French countryside was transformed by roads, railways and canals, allowing the urban middle classes to visit the countryside and draw spiritual refreshment from it, without having to live or work in it.

The exhibition is divided into three thematic sections: representations of a particular place; landscape as a vehicle for the imagination; and traditional categories of landscape painting such as the panorama, the nocturne, series paintings and the decorative landscape. The approach allows the work of artists normally segregated by style or school to be juxtaposed, and the direct influences of the older generation to be drawn out.

Around 80 paintings have been lent from institutions and private collections around the world, including Picasso's "Landscape with two figures" from Paris, Bonnard's "Train and barges" from St Petersburg and Matisse's "Moroccan landscape" from Stockholm.

■ **EXHIBITIONS GUIDE**

AMSTERDAM

Rijksmuseum The Renaissance Print 1470-1500: the selection emphasises the diversity of printmaking and variety of techniques used, with devotional prints, landscapes assembled in albums, early colour prints and immense ensembles, such as Jacopo da Barbari's View of Venice. Opens tomorrow, till Oct 30. Closed Mon

Van Gogh Museum Van Gogh's Self-Portraits: 20 paintings and two drawings dating from his stay in Paris 1886-7. Ends Oct 9. Daily

ANTWERP

Hessenhuis-Museum Music and Painting in the Golden Age: 50 paintings by 17th century Netherlandish masters, illustrating the importance of music and musicians in the art of the period - in military, allegorical and genre settings. Ends Oct 30. Closed Mon

BERLIN

Ephraim-Palais Berlin Painting from Blechen to Hofer. Closed Mon (tel 238 0900)

Kunstforum The Ideal and Nature: watercolours and drawings from the Munich Lenbachhaus 1780-1850. Ends Sep 4. Daily

Altes Museum The Last Days of Humanity: artists' responses to the First World War, including work by Beckmann, Kokoschka, Dix, Picasso, Chagall and Wyndham Lewis. Ends Aug 28. Closed Mon

Berlinische Galerie Raoul Haussmann (1886-1971): retrospective of one of the leading figures in the Berlin avant-garde of the 1920s. Ends Oct 2. Closed Mon

CHICAGO

Art Institute Odilon Redon: 180 works by the late-19th century French painter-poet. Ends Sep 18. Goya: 100 small-scale paintings. Ends Oct 16. Daily

COPENHAGEN

Ny Carlsberg Glyptotek Sculpture from Denmark's Golden Age: an exhibition focusing on Bertel Thorwaldsen (1770-1844) and his pupils and contemporaries. Ends Sep 20

GLASGOW

Burrell Collection Aspects of the Italian Renaissance 1400-1650: an exhibition of paintings, glassware, ceramics, decorated arms, illustrated books, textiles and musical instruments, capturing the spirit of an extraordinary period of creativity. Ends Sep 25. Daily

Hunterian Art Gallery Charles Rennie Mackintosh - The Chelsea Years 1915-1923: a reassessment of Mackintosh's London years, often regarded as a period of decline. Ends Aug 27. Closed Sun

HAMBURG

Kunsthalle Masterworks from the Guggenheim Collection: 60 paintings by Picasso, Braque, Dubuffet, Bacon, Chagall, Kandinsky and Miró. Ends Sep 25. Closed Mon

LAUSANNE

Musée d'Art Contemporain Contemporary Picasso: 80 works 1946-1971, including 30 paintings and a dozen sculptures. Ends Sep 25. Daily

Musée Olympique Miró. 41 sculptures covering his entire career, plus 13 prints from the 1960s and 70s. Ends Sep 4. Daily

Fondation de l'Hermitage Zborowski's Painters - Modigliani, Utrillo and Soutine: 100 works conjuring the aesthetic favoured by the early 20th century Parisian art dealer. Ends Oct 23. Closed Mon

Musée des Arts Decoratifs Contemporary Studio Glass from Japan: 100 works created in the past two years by 23 artists. Ends Aug 14. Closed Mon

LONDON

British Museum Greek Gold - Jewellery of the Classical World: a beautiful show of intricate craftsmanship, bringing together works from the Hermitage, British Museum and Metropolitan. Ends Oct 23. German Printmaking in the Age of Goethe. Ends Sep 11. Indian Paintings and Drawings from the Collection of Howard Hodgkin. Ends Aug 21. Daily

Hayward Gallery Bonnard at Le Bosquet. Ends Aug 29. Daily (advance booking 071-928 8800)

Tate Gallery R.B. Kitaj retrospective. Ends Sep 4. Turner's Holland. Ends Oct 9. William Blake - Art and Revolution: an exhibition focusing on the English artist's output in the 1790s. Ends Oct 16. Daily

Marlborough Fine Art R.B. Kitaj: recent pictures and graphics. Ends Aug 20. Closed Sun

Victoria and Albert Museum Pugin - A Gothic Passion. Ends Sep 11. Daily

National Gallery From Caspar David Friedrich to Ferdinand Hodler, A Romantic Tradition - Paintings and Drawings from the Oskar Reinhart Foundation. Ends Sep 4. Daily

Royal Academy of Arts Impressionism to Symbolism - The Belgian Avant-Garde 1880-1900. Ends Oct 2. Daily (advance booking 071-240 7200)

Courtauld Institute The Samuel Courtauld Collection: top-class Impressionist paintings originally in the private collection of the institutes's founder, with loans from the National Gallery and other collections. Ends Sep 25. Daily

LUGANO

Villa Favorita The St Petersburg Murakka: first-ever public display of 98 large double-sided folios of breathtakingly beautiful calligraphy by the celebrated late 16th century Persian court artist Mir 'Imad Al'Hasani. Ends Oct 2. Europe and America: 19th and 20th century oil paintings and watercolours ranging from the Hudson River School to examples of Cubism, German Expressionism, the Russian avant-garde, Dada, Surrealism and Pop Art. Ends Oct 30. Closed Mon. No parking facilities: take Bus no 1 (tel 091-516152)

MADRID

Centro de Arte Reina Sofia Gerhard Richter: 100 works by one of the key figures in contemporary German art. Ends Aug 22. Closed Tues

MUNICH

Haus der Kunst Elan Vital: 400 works exploring the links between Kandinsky, Klee, Arp, Miró and Calder. Ends Aug 14. Closed Mon

Kunsthalle der Hypo-Kulturstiftung El Dorado: 300 gold and ceramic treasures from pre-colonial Columbia. Ends Sep 4. Daily

Villa Stuck Dream Time - Tjukurrpa: more than 40 works by contemporary Aboriginal artists from the Australian desert. Ends Oct 16. Closed Mon

NEW YORK

Metropolitan Museum of Art Picasso and the Weeping Women: 80 paintings and works on paper from the 1930s and 1940s. Ends Sep 4. The Annenberg Collection of Impressionist and Post-Impressionist Masterpieces. Ends Nov 27. Dali - The Early Years. Ends Sep 18. Closed Mon

Museum of Modern Art From Manet to Picasso - Masterpieces from the David and Peggy Rockefeller Collection. Ends Sep 6. British Drawings 1890-1990. Ends Sep 13. Closed Wed

OTTAWA

National Gallery of Canada Egyptomania: a survey of 200 years of Egyptian influence on the art of the West (1730-1930), opening with 25 spectacular Egyptian objects, including a colossal statue of Ramses II. Ends Sep 18

PARIS

Musée d'Orsay Nadar, Photographs 1854-65: Nadar was a friend of writers and painters, whose portraits raised photography to a creative art. Ends Sep 11. Closed Mon

Centre Georges Pompidou Joseph Beuys: retrospective of one of the leading figures in Germany's postwar avant-garde. Ends Oct 3. Closed Tues

ROTTERDAM

Museum Boymans-van Beuningen Regal Silver: early 20th century silverware from the museum's collection, plus the first public showing of the entire 97-piece silver service presented by the city of Amsterdam to the Dutch royal family in 1901. Ends Sep 25. Closed Mon

VIENNA

Jüdisches Museum Max Oppenheimer (1885-1954): retrospective of one of the most neglected figures in early 20th century Austrian art. Ends Sep 18. Closed Sat

Kunsthistorisches Museum Tintoretto portraits. Ends Oct 30. Albrecht Dürer: a selection from the museum's collection of work by the early 16th century German master. Ends Oct 30. Closed Mon

Künstlerhaus Art and Dictatorship: an exhibition comparing Hitler's, Stalin's and Mussolini's ideas of degenerate art in paintings and sculpture. Ends Aug 15. Daily

WASHINGTON

National Gallery of Art Willem de Kooning's Paintings: 75 works by America's abstract expressionist. Ends Sep 5. From Minimal to Conceptual Art - Works from the Vogel Collection: 90 drawings, photographs, paintings and sculpture by contemporary artists, including LeWitt, Christo, Ryman, Beuys and Flavin. Ends Nov 27.

Guide-posts along the eastern route

BRETTON WOODS YEARS

The breakdown of communism presented the International Monetary Fund and the World Bank with an unprecedented challenge. For me, charged in 1989 with the daunting task of designing Poland's transition from failed socialism to the market economy, their help proved invaluable. Particularly important was their insistence that Poland meet strict fiscal and monetary conditions.

These institutions are right to be tough, which is in the best interests of their clients.

The legacy of communism was far from uniform. The economic structure was worse in Slovakia, for example, than in the Czech Republic. Poland, Bulgaria, Hungary and the former Soviet Union were burdened by large foreign debts, but Czechoslovakia and Romania owed relatively little. The most important differences, however, were macroeconomic. Poland, in 1989, and the Soviet Union, in 1991, were afflicted by macroeconomic imbalances. Czechoslovakia had the most stable economy, followed by Hungary. Bulgaria and Romania were in an intermediate situation, but closer to the Polish than to the Czechoslovak extreme.

Nobody was fully intellectually equipped to deal with the post-communist transition. But some guide-posts were available. The first was the kind of economy to be reached at the end of the transition. It was natural to assume that it should be an economy capable of rapid and sustained economic growth. This criterion explained the reformers' vision of a stable, outward-oriented, market-based and mostly private economy.

By comparing this goal with initial conditions, it was possible to derive the direction to be taken during the transition. This was towards macroeconomic stabilisation, liberalisation, privatisation and related institutional reforms.

This vision coincided with the views of the Bretton Woods institutions. The Bank was helped by its own previous shift from project-lending towards lending for policy reform aimed at creating a stable, market-friendly economic environment. With its focus on the private sector, the International Finance Corporation was well placed to participate in privatisation and capital market development in post-socialist economies. The IMF's traditional preoccupation has been with macroeconomic imbalances, a serious problem in most of these countries. It had also broadened its interests in the late 1980s, by introducing extended fund facilities, which were focused on the structural determinants of macroeconomic disequilibria.

It was also necessary to specify the timing, phasing and speed of reform. These were trickier questions, with less firm empirical and theoretical foundations for the answers. To this day they give rise to emotional debate and misunderstanding. Yet here, too,

Reform had to be sustained, despite unavoidable social and political complications

guide-posts were available.

One was that high inflation calls for radical and sustained macroeconomic stabilisation, because this approach offers the greatest chance of breaking inflationary expectations. Another, less frequently recognised one, was that links exist among the various aspects of reform. Comprehensive price liberalisation is necessary, for example, if shortages are to be eliminated and relative prices adjusted, but this also demands comprehensive liberalisation of foreign trade. Price liberalisation must be safeguarded by a tough macroeconomic policy. Comprehensive liberalisation is, in turn, necessary for sustained stabilisation. Otherwise, loss-making enterprises press government for fiscally ruinous assistance.

All this argued for comprehensive and radical reform, launched without delay, partly to profit from the favourable initial political conditions after the great upheaval. Thereafter, the reform had to be sustained, despite unavoidable social and political complications. Social problems had to be mitigated by developing a safety net that would be compatible with the basic goals of the reform.

This was the basic strategy of the Polish economic team between 1989 and 1991, one that was broadly shared by the Bretton Woods institutions. The fact that it was shared greatly facilitated the discussions that led to the historic Fund-supported programme of December 1989.

Inevitably, there were controversies on some technical issues: the form of wage control, for example, and the path of disinflation.

There were also shared mistakes. The size of the decline in output was one and the extent of the initial price jump was another. Given the extent of the ignorance, such forecasting errors were unavoidable. What mattered was that they were not allowed to derail the transition. The shared vision acted as a powerful safeguard.

Such a vision was not equally present in all transition economies. The political position of the reformers may also not have been as strong as in Poland. Agreement with the Bretton Woods institutions was then not so easy to achieve, while conditionality became much more contentious. Nevertheless, linking agreement to a strong domestic programme must remain a fundamental principle of the Bretton Woods institutions. It should not to be sacrificed for political expedience.

Reforms often have great importance for the stability of the world, with Russia the main case in point. Even in this situation, however, IMF and Bank conditionality should not be impaired. Western governments should come up with assistance themselves, instead. A small part of the "peace dividend" is not a high price to pay for increasing the chances of enjoying the rest of it.

Leszek Balcerowicz

The author was finance minister and deputy prime minister of the government that engineered Poland's transition to the market between 1989 and 1991.

Previous articles in the series appeared on June 21 and 28 and July 8, 15, 20, and 26

British MPs' opportunities for boosting their earnings may not last for long, says **David Owen**

Gravy cools as appetites fade

Are the brakes being applied to a gravy train long enjoyed by British politicians?

The question, at first sight, seems premature. Few MPs can resist the temptation to profit from their privileged access to government information and to decision-makers by selling their services to companies, trade associations and pressure groups.

Of 651 MPs, less than 10 per cent had nothing to declare in the 1994 register of members' interests, in which MPs are required to list details of directorships, consultancies and other interests such as land, property and large shareholdings. Many whose entries are blank are ministers, who are subject to strict rules intended to prevent a conflict of interest with their official duties.

Many Labour MPs would protest that the links they declare with trade unions or lobby groups bring little or no personal gain. But other MPs, mostly Conservatives, have corporate directorships and consultancies, often worth thousands of pounds a year.

Now, however, their ability to supplement their backbench MPs' salaries of £31,687 a year is under threat. The House of Commons privileges committee is investigating the issues raised by MPs' lengthy lists of outside interests. This follows the controversy over The Sunday Times newspaper's recent revelations that two MPs were willing to put parliamentary questions to ministers in return for payments of £1,000.

Few expect the committee, composed of senior MPs from the main political parties, to recommend banning directorships and consultancies. This would have expensive consequences: MPs estimate their salaries would have to be doubled or tripled to make up for the loss of this *de facto* subsidy from the private sector.

But Tory backbenchers' doleful expressions and comments during recent Commons debates on members' interests indicate they fear the inquiry may lead to new rules limiting the scope for outside earnings.

Rule changes agreed by MPs themselves are only one threat. There are increasing signs that other pressures are reducing the opportunities for politicians to benefit from the lucrative market for information and insight into Whitehall decision-making.

Two broad, overlapping trends are apparent. First, the rapid growth of professional lobbying organisations – with an estimated annual turnover in the UK of about £20m – has created a rival source for the information and ministerial access that MPs can provide.

Professional lobbyists can be more effective. "We have seen some MPs become jealous of us," says one leading lobbyist. "We are doing a lot of things they should be doing. How many MPs are prepared to get up early and scour House of Commons documents for parliamentary questions and motions which are relevant to the company that pays them?"

Second, the buyers of the information are becoming more careful about how they spend their money. Rather than hiring an MP as a consultant, for example, some organisations run their own in-house parliamentary services departments or to employ a Westminster-based liaison officer.

"The trend is towards much more in-house management," says Mr Ian Greer, chairman of Ian Greer Associates, the political lobbying group. "Large companies do not spend money recklessly; they evaluate very carefully what their political needs are."

Mr Chris Austin, British Rail's director of policy and parliamentary affairs, offers two explanations for this trend. First, there are "so many consultancies in the business now" with a broad range of expertise. Second, "the whole business of financial involvement with MPs has come under scrutiny and been to some extent discredited".

Mr Austin adds: "I wouldn't advise any of the emerging train operating companies to have an MP as an adviser or a director."

Another reason for not using an MP to lobby the government, says Mr Bob Lloyd-Jones, director-general of the Brick Development Association, is that "ministers react more favourably to direct contact with the industry than to an approach through an MP. That certainly wasn't the case 30 years ago."

A sign that companies themselves see less value in having an MP on their books is the increasing scepticism about the value of a politician on board. "I think the days are gone when a company purely wanted an MP or peer on the board to have the name on the letterhead," says Mr Gordon Leak, public relations director of the Institute of Directors.

For example, Tarmac, the construction group which in the 1980s had the then Mr Cecil Parkinson, former Tory party chairman, as a director, now says it is "not into MPs at the moment on the board".

Only 10 per cent of City opinion formers regard a governmental career as suitable background for a non-executive director, according to a recent survey commissioned by chartered accountants BDO Binder Hamlyn.

British Steel, whose board includes Sir Giles Shaw, Tory MP for Pudsey and member of the privileges committee, says there is "no particular significance" in Sir Giles being an MP. "We choose non-executive directors for their wide experience in industry and the City," the company says.

The trend by companies away from using MPs may accelerate. If MPs agree to impose stricter rules on outside interests, they will give a boost to the professional lobbyists – and expose the practice of employing MPs to further unfavourable publicity.

Until now, MPs have managed to exploit the growth of professional lobbyists by joining them as directors or consultants. But the inquiry is widely expected to make it harder for them to do this.

Mr Richard Faulkner, joint managing director of Westminster Communications political consultancy, thinks the privileges committee will "inevitably" scrutinise such links.

His firm has applied to join the Association of Professional Political Consultants, which does not allow companies with MPs on the board to be members. Explaining these rules, Mr Andrew Gifford, chairman of the association, says: "We wanted to be ahead of the game. We felt it was difficult to see how you could very easily have MPs on the board or retained and not have some perceived conflict of interest."

If Westminster Communications succeeds in its application to join, it will have to lose the services of Sir Marcus Fox, chairman of the 1922 committee of Tory MPs and another privileges committee member.

One comfort for MPs is that it will be many years, if ever, before demand for their services disappears completely.

Mr Michael Sara, managing director of Hill & Smith Holdings, which manufacturers motorway barriers, says Mr Patrick Nicholls, Tory MP for Teignbridge and consultant to the company, performs a useful role. He breaks down "civil servants' lethargy and inertia," says Mr Sara. "He has only to ask a question or write a letter and they jump to attention and run all over the place. If we ask the department something, nobody does anything."

Similarly, Mr John Maples, former Treasury minister and now chairman of Saatchi and Saatchi Government Communications, the political consultancy, still sees value in retaining an MP on the books. If you are a large company and they "tell you something once every five years, they have probably paid you back a hundred times over", he says.

Those who think that demand for good information by companies will remain strong are almost certainly right. But as competition intensifies to supply political intelligence, and the Commons moves closer to tightening its rules, MPs will find it harder to keep their share of the market.

Mary Evans Picture Library

House of Commons a century ago: will rich pickings continue for backbench members of parliament?

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Nigerian election was not 'deeply flawed'

From Mr Tom Robbins.

Sir, Your editorial, "Time to help Nigeria" (August 3), is well-meaning, but rather confused.

On the one hand, you acknowledge that the general strike is backed by "many Nigerians driven to despair by mismanagement, corruption and falling real incomes". Yet you insist that General Sani Abacha, who has been a principal actor in the military governments that have brought this situation about, must be a part of any new dispensation aimed at solving the current political crisis.

What the protesting Nigerians are saying to the world is that arbitrary military rule, which they have been unfortunate enough to endure for 24 out of their 34 years of independence, has done their economy irreparable harm and they want none of it.

Contrary to your belief, the election of June 12 1993 was not "deeply flawed". It was hailed by both international and foreign observers as free and fair. That earlier candidates had been disqualified was not the fault of Moshood Abiola or his opponent, Bashir Tofa, but of the military. The candidature of the final two was approved under the existing electoral laws.

Having gone that far, it was morally, politically and legally wrong for the military then to "annul" the result of the election and give no reason.

A lot of southern Nigerians think that, if Tofa, a northerner, had won, no annulment would have taken place. If you dismiss the bitterness created by this, you can never understand why the current situation is so dangerous and could tear the country apart.

You are entitled to your view that Abiola's qualifications for the presidency are "dubious". But don't you think it is patronising to suggest that you can determine better than the huge Nigerian electorate who is qualified to rule them?

Abiola is a chartered accountant who graduated with honours from the University of Glasgow. What are the qualifications of the British prime minister, for instance?

In a democracy, the final word lies with the electorate and that is why John Major is prime minister. Nigerian voters are saying that their votes must be equally respected. As they have proved, they are prepared to back that right with action, even if some of them die in the process. It is a noble struggle to enthrone "people's power" and deserves the support of all democrats.

Tom Robbins,
Moshood Abiola's personal aide in the UK,
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London NW1 4ND

Hard to put a price on gold

From Mr John Ryding and Ms Melanie Hardy.

Sir, We want to correct a point made by Richard Waters on the subject of gold and inflation (Global Investor, August 1). The column summarised some of the results of our gold price/future inflation model presented in Bear Stearns' Global Spectator, The Golden Challenge, July 26.

Waters writes that Bear Stearns' chief economist, Wayne Angell, argues that "for a stable price environment, the Federal Reserve would have to target a [gold] price of $220 an ounce". This is not true. The $220 an ounce price is derived from our inflation-gold price regression, assuming a zero per cent inflation rate. However, we clearly said "this is not to say that the Fed should target $220 gold" because:

- index number problems could mean that price stability is associated with ½ per cent to 1½ per cent inflation;
- there is uncertainty over the statistical relationship, especially at low inflation rates; and
- the disinflation path should be gradual.

We do not take our regression results seriously enough to suppose that they can tell us the price of gold that is consistent with price stability.

What is clear, however, is that the current price of gold is too high. Not only is $380 an ounce inconsistent with price stability but actually signals a rising inflation rate to the 3½ per cent to 3¾ per cent area in 1995. A good first step for policy, however, would be for the Fed to get the price of gold back into the $320 to $340 an ounce area, signalling that the US economy is back on the disinflation path.

John Ryding,
Melanie Hardy,
Bear, Stearns & Co,
245 Park Avenue,
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Insomniacs win farming deals

From Mr J. Stratton.

Sir, David Richardson made some useful observations on the qualities needed by our new agriculture minister ("Waldegrave has the right pedigree", August 2).

I would have thought the best quality would be insomnia – all the most crucial decisions that affect UK farmers are made during all-night sessions of the council of European Union agriculture ministers, and invariably the country that has the minister with the greatest stamina wins the best concessions during these discussions. I wonder whether Mr Waldegrave has this in his armoury.

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Good prospects behind the French financial 'facade'

From Mr Kit Juckes and Mr Alain Galibert.

Sir, While we would seldom disagree with so eminent an "international opinion leader", Barry Riley's dim view of France's financial reputation ("Airline cracks in the French financial facade", August 3) warrants a riposte.

First, French reliance on foreign funding of its budget deficit has fallen, as net sales of some FFr104bn in the first five months of this year (twice the outflow seen from the German bond market) have reduced foreign ownership of the French bond market from more than 40 per cent to about 30 per cent.

This exodus weighed on the market all the more because the French Treasury (tortoise to the German hare) has maintained its regular funding programme through thick and thin while a flood of bond issuance was stored up for the second half of the year in Germany.

Second, while no one would pretend that the French authorities have been quick to reverse the fiscal deterioration of the last few years, the outlook is improving as the economy recovers. The 1995 presidential election should, furthermore, bring an end to government inaction, spurring the authorities to bring welfare spending into line and speeding up the reform of the tax system.

Third, it is unclear that Germany's export-led recovery will be any more impressive than France's performance over the next few years. With German consumers hamstrung by falling real wages and rising taxes, exporters will have to do much of the running. In France, exports are on an upwards trend, unemployment is stabilising and may decline next year, and capital spending is recovering on the back of a healthy financial balance of the corporate sector and rising profits.

Finally, we doubt that there is a great deal of political risk that needs to be priced into French assets. In part because unemployment will fall further, *franc fort* is effectively unquestioned and fiscal retrenchment accepted as unavoidable.

Whoever wins the election, be it Mr Jacques Delors, Mr Edouard Balladur or Mr Jacques Chirac, a rebalancing of the monetary and fiscal policies is now unlikely. Without major political risk or strong signs of divergence between the French and German economies, it is hard to see why the French franc or bond market should weaken from here relative to Germany.

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FINANCIAL TIMES

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Friday August 5 1994

Pitting Serb against Serb

The Yugoslav government's announcement that it is severing all ties with the Bosnian Serbs, after their refusal to accept the international peace plan, has an uncanny air of *déjà vu*. In May 1993 President Slobodan [redacted] made [redacted] similar [redacted] after the Bosnian [redacted] rejection of the Vance-Owen peace plan. At that time the Russian foreign min[redacted] lobbying [redacted] favour of the plan, and Lord Owen, one of its co-authors, hoped that President Clinton would persuade President Yeltsin to agree to the use of Nato air power to prevent supplies reaching the Bosnian Serbs.

In the event, the Vance-Owen plan was allowed to die, and – not surprisingly – Serbia's proclaimed sanctions against its Bosnian kinsmen were never applied. Perhaps Mr Milosevic never had any serious intention of applying them, and perhaps he has no such intention now. But this time his bluff must be called. Even if he is completely insincere, the announcement at least shows how anxious he is to get the international sanctions on Serbia lifted, by disclaiming responsibility for the Bosnian Serbs' intransigence. It suggests that he is genuinely worried by the decision to tighten those sanctions taken by the "contact group" foreign ministers in Geneva last weekend.

Having got so far, the contact group must insist that Serbia and Montenegro prove beyond any doubt, before there can be any question of relaxing the sanctions against them, that they are really co-operating in the complete isolation of the Bosnian Serbs.

This means they must be prepared to accept the deployment of UN monitors all along their borders with Bosnia, and must give those monitors every assistance in verifying that no supplies other than food and medicine are going in. If the UN identifies significant breaches of the embargo and the Yugoslav government either denies them or claims to be unable to stop them, it must be told that Nato air power will be used to try and interdict them.

As long as this strategy is being seriously applied and seems to have any chance of success, it probably makes sense to hold back on lifting the embargo on arms supplies to the Bosnian government. This remains deeply divisive within the contact group, and its short-term military effects would be at best uncertain.

That does not mean that any further Serb encroachments on the areas of Bosnia declared as "safe havens" under United Nations protection should be tolerated. Existing UN resolutions authorise the use of air power to defend them, and the UN should not allow those resolutions to be violated with impunity.

Moreover, it must be understood that the logic of cutting off supplies to the Bosnian Serbs is that, if they persist in rejecting [redacted] plan, they [redacted] military defeat. That means that the inter[redacted] community [redacted] keep open the option [redacted] lifting [redacted] embargo and giving active assistance to the Bosnian government if all else fails.

Rail impasse

The UK rail dispute has come to resemble the trench warfare of the [redacted] world war. Both sides have seemed willing to slug it out whatever the cost. Neither can deliver [redacted] knock-out blow.

The losers have been non-com[redacted] passengers and freight customers who have suffered disruption and delay; businesses with employees who are unable to get to work; and the train operating companies which must recompense their passengers and pay their staff's wages despite being unable to run full services.

The most depressing aspect of the dispute has been the apparent paralysis at Railtrack, the state-owned company that runs British Rail's track and signalling operations. The mysterious with[redacted] of an offer [redacted] might [redacted] avoided [redacted] whole dispute launched [redacted]. The amount [redacted] Railtrack [redacted] been prepared to offer has crept up gradually, but the company has failed to convey the details to the signal staff. The board, including its chairman Mr Bob Horton, has failed to demonstrate control of events in a way that would reassure train passengers or freight customers.

Yesterday's vote by the signalling supervisors not to join the strike, however, offers an opportunity to bring the dispute to a conclusion. Railtrack should seize the initiative to settle the dispute as soon as possible. A businesslike company would be prepared, if necessary, to offer more for a speedy settlement, moving quickly thereafter to recover the expense by a thorough-going reorganisation of the signalling staff.

An essential element in such a package would be individual contracts of employment for signal staff. The idea that a union such as RMT should exercise a veto over necessary efficiency improvements is a relic of a bygone age.

If extra money is politically impossible, then Railtrack must step up the pressure on the signal staff and RMT to accept the current offer. One option would be to ballot the striking staff on the offer, preferably after making it crystal clear just what is on the table. After eight weeks of strikes – and with the supervisors unwilling to join them – an increasing number of signalling staff will be realising that the cost [redacted] winning an extra per cent far outweighs the likely ben[redacted].

A tougher option would be an ultimatum to the signal staff [redacted] accept the offer or consider them[redacted] resigned. This might produce enough acceptances to keep the network running – especially if linked to a symbolic concession to tempt the doubters. But it is a high risk strategy: if it fails, British Rail could be shut down for months while replacements are trained.

Whatever the option chosen, Railtrack must now act. One of the hoped-for benefits of privatising British Rail must be that both sides will in future take a more realistic view of what it is sensible to inflict on those who pay their wages.

MMM fall-out

Optim[redacted] would see the [redacted] of the Russian investment fund, MMM, [redacted] something of [redacted] landmark. [redacted] is [redacted] enough of a [redacted] economy to have an [redacted] financial scandal. As the [redacted] government's [redacted] wind [redacted] companies in [redacted] UK confirms, get-rich-quick schemes [redacted] in the west. [redacted] Russia, however, [redacted] are a [redacted] higher.

Yesterday's raid on the head of MMM was the [redacted] aggressive move yet by the Russian authorities against the large investment fund, which has teetered on the brink of bankruptcy for the past 10 days. The Russian prime minister last week stated that there would be no bail-out for MMM's investors in the event of a collapse, but tighter financial sector regulation is being considered.

Inexperienced investors everywhere have to learn [redacted] prices can [redacted] down as well as up. If the [redacted] gambled money on the strength of MMM's boastful advertising are not compensated by the government, [redacted] will send an important message that people [redacted] demand more information about a company's activities before risking [redacted] money.

Just [redacted] very hard for an individual Russian to do, without [redacted] to informed [redacted] a small proportion of privatised companies [redacted] listed [redacted] the official stock exchange and, for [redacted] disclosure requirements are very selectively observed. Actually trading shares is made arduous by [redacted] that shareholder registration generally occurs at the company level, so investors often have to travel to [redacted] headquarters [redacted] establish proof of share [redacted]ship.

It will doubtless take years for reasonably transparent and effective securities markets to develop in Russia. In the meantime, companies, like MMM, that simply sell shares over the counter at proprietary branches might continue to attract investors who cannot otherwise play the system. The threat of an anti-reform backlash in reaction to this and similar scandals means the government could feel forced to impose much stricter legal controls.

A vigorous regulatory response would carry two dangers. The first is that the market might become over-regulated, without the fluidity which it needs for domestic and foreign capital to reach [redacted] companies [redacted] must be [redacted]tured. But the second, more likely, outcome is that more laws would be passed which have no chance of being enforced.

This would further debase the commodity which [redacted] currently scarcest in Russia: the rule of law. The fact that MMM was able to last this long, while violating a number of existing tax and advertising codes, only shows how weak the hold [redacted] the authorities [redacted] become. The best course [redacted] Russia's reformers [redacted] to [redacted] growing constituency which sees the benefits of an orderly market, and not cede to [redacted] backlash against disorderly ones.

Tick, tick, tick, tick them off

Should the world worry about the spread of nuclear weapons, ask **Jimmy Burns** and **Bronwen Maddox**

Combating [redacted] spread of nuclear [redacted] one [redacted] the most pressing tasks facing the world's diplomats. Talks due to resume in Geneva today are aimed [redacted] reducing one [redacted] of increasing [redacted] – the nuclear capability and intentions of North [redacted] reclu[redacted] communist regime. [redacted] officials will again try to persuade their [redacted] counterparts [redacted] mit [redacted] inspections by [redacted] International Atomic Energy Agency, the UN watchdog.

The episode raises a worrying question: how many other countries could be close to developing nuclear weapons? Concern about North Korea's intentions [redacted] the agency's discovery [redacted] 1990 Gulf War that Iraq had an extensive [redacted] develop nuclear weapons. Last month, German police uncovered a cache of weapons-grade plutonium in a garage, raising fears that nuclear material from the former Soviet Union was finding its way onto the black market.

The [redacted] which various [redacted] are capable [redacted] developing [redacted] will become more [redacted] when [redacted] Non-Proliferation Treaty, which aims to [redacted] spread of such weapons, is due to be reviewed. To date, 164 countries have signed the treaty, drawn up under the auspices of the UN after the second world war. It distinguishes between five countries which it permits to have nuclear weapons programmes – the US, China, the UK, France and Russia (formerly the Soviet Union) – and other signatories which agreed not to develop such weapons.

But can the treaty constrain the military ambitions of the non-nuclear signatories under its inspections regime? Western governments and the agency agree about which countries are closest to nuclear weapons capability. Heading the list of worries, along with North Korea, are India, Pakistan and Israel. The latter three, which alone of those asked have refused to sign the treaty, have [redacted] been suspected of possessing [redacted] produce weapons-grade nuclear material, and been regarded [redacted] weapons states.

According [redacted] by Mr [redacted] Feiveson, [redacted] specialist in energy [redacted] proliferation [redacted] Princeton University in the US, Israel and India may have acquired 0.3 tonnes of weapons-grade plutonium by the end of 1990, enough for 100 bombs each, and Pakistan 0.2 tonnes of weapons-grade uranium, enough for 10-15 bombs.

It may be beyond the scope of next year's [redacted] to bring [redacted] trio into [redacted] treaty [redacted] Pakistan appear to [redacted] its discrimination between nuclear and non-nuclear [redacted] as unacceptable. [redacted], by contrast, [redacted] addressing [redacted] second, longer-term concern: the technologically sophisticated [redacted] countries. [redacted] group, [redacted] includes Japan, Taiwan, [redacted] Korea, is developing large civil nuclear programmes, giving governments access to large quantities [redacted] nuclear material which could potentially [redacted] for weapons.

Japan's [redacted] nuclear [redacted] is extensive, [redacted] plants and seven more on the way. According to Professor Mr Richard Wilson, a physicist at Harvard University: "Japan can make a bomb at any time. The only disagreement is whether it could take two weeks or two years."

Japan is also likely to accumulate tonnes [redacted] surplus plutonium over the [redacted] decade, by reprocessing used fuel rods from the core of civil nuclear [redacted]. The government had [redacted] for [redacted] new generation 'fast-[redacted]' reactors, which use plutonium [redacted] than the [redacted] uranium, [redacted] has put development of the reactors [redacted] hold. Despite protests from the Japanese government that [redacted] has [redacted] intention of using plutonium [redacted] military [redacted], other countries, particularly the US, have been concerned that the potential [redacted] capability represented [redacted] will [redacted] to [redacted] dominant Japanese diplomatic influence [redacted] the region.

Addressing Asia's military ambi[redacted] one [redacted] toughest [redacted] facing next year's review. That task could be complicated by the outcome of the North Korea-US talks beginning today. If North Korea wins economic concessions from the US in return for accepting nuclear inspections, other countries may seek to use the same brinkmanship in the hope of gaining similar rewards.

While concern about Asia appears to [redacted] growing [redacted] region becomes more prosperous, there are nevertheless some grounds for optimism in other parts of the world:

- Under a deal in January negotiated by the US, the former Soviet republics of Ukraine, Belarus and Kazakhstan have agreed to transfer the 3,100 warheads on their territory to Russia. This will help diminish the likelihood of trade in weapons-grade nuclear material, of the kind uncovered in Germany last month (see accompanying article). Moreover, the three republics have indicated that they will sign the treaty and not develop weapons.

One note of caution needs to be sounded: Mr Leonid Kuchma, Ukraine's president, [redacted] given only a lukewarm acknowledgement of his predecessor's promise [redacted] the treaty, saying [redacted] will "study" the question.

However, if the transfer of the [redacted] is completed, the chance [redacted] the republics being technologically capable [redacted] re-arming [redacted]. Mr Feiveson comments that the republics "do [redacted] currently [redacted] to produce weapons-usable material", [redacted] manufacture nuclear weapons [redacted] entirely in [redacted].

- Argentina, Brazil [redacted] South Africa, [redacted] had developed or begun [redacted] develop nuclear weapons, have renounced the capability on economic and political grounds.
- In the Middle East, there is little sign that countries [redacted] pursuing nuclear programmes with any vigour. Mr [redacted] Kyd, spokesman at [redacted] Atomic Energy Agency's [redacted] headquarters, says: "Surprisingly, perhaps, most Middle Eastern countries do not [redacted] a great [redacted] of [redacted] [nuclear research]."

The [redacted] Egypt, Syria, Iran and Saudi Arabia, all signatories [redacted] the treaty, [redacted] having [redacted] tially at [redacted] laboratory [redacted] years and [redacted] of millions [redacted] dollars away from weapons capability. Western intelligence experts are scrutinising Iran's procurement of foreign technology for signs of a weapons programme. But their suspicions that Iran has embarked on early stages of projects to enrich uranium with Pakistani and Chinese help have not been confirmed.

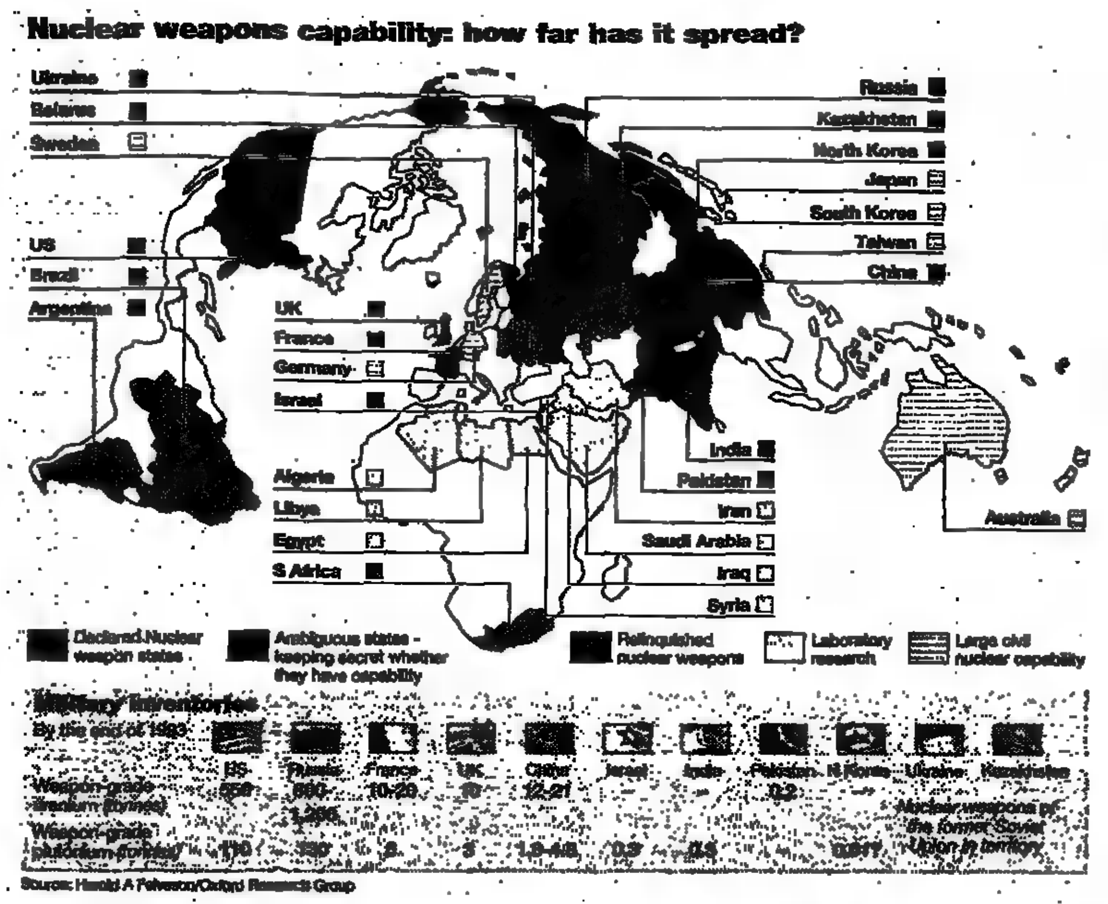
Libya, [redacted] signatory [redacted] treaty, did [redacted] nuclear [redacted] the [redacted] waned, partly through lack of money. Many of the [redacted] advising [redacted] country have [redacted] the project lacks spare parts, according to agency inspectors.

Algeria, alone in the Middle East, is pursuing nuclear research with determination. It has two civil reactors, one in [redacted] University of Algiers, and a second, larger, Chinese-built [redacted] near [redacted] Atlas mountains [redacted] the north. [redacted] monitors these facilities [redacted] special arrangement, although Algeria has not signed the treaty.

This picture is far from complete: North Korea and Iraq provide warnings that secretive regimes can keep nuclear programmes covert despite the best efforts of western intelligence agencies. However, it is possible to draw some conclusions. First, development of usable nuclear weapons has been limited to a tiny handful of countries beyond the five nuclear states of the non-proliferation treaty. Second, the technologically easiest and cheapest route to developing nuclear weapons is that employed by North Korea – using nuclear material from civil reactors – rather than that employed by Iraq – constructing elaborate, separate facilities. Given that this [redacted] civil nuclear power may pose as much of [redacted] difficulty to attempts to curb pro[redacted] the endeavours of countries such as North Korea and Iraq.

The challenge for next year's treaty [redacted] is [redacted] a further inspection regime acceptable [redacted] nuclear and non-nuclear [redacted] alike. This must reflect the [redacted] in [redacted] capability [redacted] the original treaty was drawn up, and reflect the aspirations of emerging nuclear states. If they perceive a bias towards the five countries permitted to have nuclear weapons, it is unlikely they will sign. [redacted] Korea's negotiations [redacted] the US emphasise, however, that agreeing on how to curb the spread of such weapons remains a [redacted] challenge.

Nuclear weapons capability: how far has it spread?



Source: Harold A Feiveson/Oxford Research Group

Routes to the bomb

A[redacted] to curb proliferation [redacted] nuclear [redacted] focus on ways of preventing or discouraging countries from acquiring weapons-grade uranium or plutonium, the key elements [redacted] explo[redacted] Bronwen [redacted]. If a country already has a [redacted] fissile material, [redacted] a crude bomb [redacted] relatively straightforward. Producing [redacted] weapons-grade, however, [redacted] much [redacted] difficult.

While uranium exists naturally, the form (or "isotope") needed for a nuclear reaction makes up less than 1 per cent of uranium ore. The concentration of this isotope in the fissile material needs to be raised to about [redacted] per cent for uranium to be used to fuel a nuclear reactor, [redacted] process called "enrichment", and increased still further to more than 90 per cent for use in weapons. Plutonium, a man-made element, is derived from other fissile material. It is produced by nuclear reactions in, for example, uranium reactor fuel rods, from which it is extracted and purified.

[redacted] at [redacted] main [redacted] by which [redacted] can obtain material for [redacted] weapons.

- [redacted] civil nuclear pro[redacted]:

Of the four routes, [redacted] material from nuclear power plants is [redacted] technologically, although it is among the most likely to be detected. In this instance, [redacted] is obtained from the core of a nuclear reactor. This is the route believed to be pursued by North Korea, and [redacted] one International Atomic Energy Agency inspections of civil reactors are designed to detect.

Given the widespread use of nuclear power, particularly in Asia, monitoring the location [redacted] civil nuclear [redacted] could become increasingly difficult.

- Enrichment of natural uranium:

This route was pursued by the US in the Manhattan Project's race to be first with the bomb during the second world war, and was mimicked by Iraq at hidden desert sites.

Countries with large civil or military nuclear programmes are likely already to have invested in technology needed to enrich uranium. Otherwise, developing the technology is laborious and expensive.

But clandestine attempts, such as Iraq's, can be hard to detect. It is increasingly difficult to control or monitor trade in components for uranium enrichment plants, which can have a wide range of industrial applications.

- Trade in plutonium or enriched uranium:

Last month's discovery in Germany of 6 grammes of weapons-grade plutonium, believed to have been smuggled from Russia, has increased fears of nuclear material from the former Soviet republics falling into unauthorised hands. A supply of plutonium would be one of the fastest ways of acquiring a nuclear weapons capability, short of actually buying weapons.

A leading US nuclear proliferation expert, Dr William Potter, has warned the find could be the "tip of the iceberg" [redacted] illegally [redacted] Soviet [redacted] material. But [redacted] is no evidence at present that such material can be easily acquired by rogue regimes or organisations.

Western intelligence experts, who have investigated thousands of reports of such trades, suggest that – so far – fears of widespread illegal dealings in fissile materials may be unfounded. Many cases investigated have involved people misrepresenting the material for sale to make money.

The world's increasing non-military stockpile of plutonium, much of it in Japan, is another cause for concern. But, at present the destinations of this material, produced [redacted] reprocessing used reactor fuel rods, are closely monitored under international agreements.

- Trade in weapons:

This [redacted] probably the [redacted] route to a nuclear capability for a rogue regime, given close surveillance by western governments of the former Soviet Union's missiles.

Some claim that, whichever route [redacted] pursued, countries could gain considerable advantage by hiring nuclear weapons scientists, notably from the former Soviet Union. But others, [redacted] as [redacted] David [redacted], a former [redacted] inspector, [redacted] this risk is exaggerated.

"Everyone makes too much of the idea of Russian scientists. If you dropped [redacted] plutonium into Tripoli, you would have a weapons problem within weeks. I could drop 10 Russian scientists into downtown Tripoli and you would not have a weapons programme for 10 years. What you would have is 10 Russian scientists gone mad."

OBSERVER

Pooling resources

■ Shenzhen, one of China's leading showcases of economic reform, has [redacted] pressing problem – a serious lack of public lavatories.

With only 31 public conveniences in 327.5 sq km of the "special economic zone", visitors are feeling the squeeze, so to speak. They are better off in Beijing, which boasts on average four more public loos per sq km.

Help is at hand, partly stimulated by a sympathetic China News Agency report, which passionately pleaded that "tourists in Shenzhen, especially the very desperate, cannot help but burst into hotels and restaurants, where they are looked on with disdain".

Relief beckons. For Shenzhen is to build 15 new public toilets, at a total cost of 6.6m yuan – [redacted] equivalent of $51,163 each. Wonder what the internal rate of return is?

Party time

■ Remember the end of the 1980s, when the investment banking boutiques were meant to be the way of the future on Wall Street? Well, it didn't turn out that way. The tide of deals ebbed, and most companies showed [redacted] preference for the big Wall Street houses, which can finance as well as advise on a deal.

Now a new wave of mega-deals in the US is bringing some of the boutiques back into the limelight.

This week it was the turn of Eric Gleacher, [redacted] former head of takeovers [redacted] Morgan Stanley and, before that, Lehman Brothers. Gleacher went out on his own four years ago, and has barely been heard of since.

Gleacher is the mastermind behind American Home Products' hostile run [redacted] American Cyanamid. The folks [redacted] Morgan Grenfell in London are pretty chuffed by this, since Gleacher is their main corporate finance outlet on Wall Street.

But with $8.5bn of cash to raise to back the bid, the betting is that a bigger Wall Street firm, with underwriting and distribution power, will soon get in on the act too. Could this be the cue for Morgan Grenfell's parent, Deutsche Bank, to throw its hat in the ring?

Phoney warfare

■ Shame. Japanese bureaucrats have been receiving nuisance telephone calls at home.

Japan's Ministry of Finance says some senior officials have recently received so many rude calls that their numbers may be deleted from the ministerial directory, [redacted] oddly enough seems a national best-seller.

The ministry won't elaborate further. More tantalisingly, neither will it point a finger of blame.

Cynics suggest listening to the [redacted] of the callers. Are they heavily [redacted] Maybe Washington's trade negotiators have alighted on new methods [redacted] negotiation...

'Where's the gravy?'

Lady Bradbury's

■ A question for banking history buffs. Is the Darcy Bradbury, who is doing all the borrowing for the US Treasury, any relation to the late Sir John Bradbury, the former UK Treasury chief whose main claim to fame is that he signed a series of Britain's bank notes which came to be known as "Bradburys"?

The normally helpful Bank of England is strangely quiet [redacted] this episode in its history which dates back to the outbreak of the first world war in August 1914, when there was a run on gold coin in circulation. Why the Treasury felt it had to issue its own notes is glossed over in the Bank of England's voluminous history books. Surely, the Bank did not refuse?

Whatever the reason, the Treasury had to print its notes on postage stamp paper because the Bank of England owned the only supply of banknote paper. The US Treasury, by contrast, has never had to put up with such tomfoolery since its Treasury secretary insists on signing his country's bank notes.

Who knows, if Darcy [redacted] promotion she may be able to carry on the fine Bradbury tradition one day.

Sunday roast

■ One loss-making Lloyd's Name was asked what he was doing at yesterday's press conference – on the subject of how the insurance market intended to put the boot-boys [redacted] debts. "If I'm [redacted] be slaughtered, I [redacted] is up to EC [redacted]."

Heavy [redacted] Trevi

■ Sifis Valyrakis, Greece's new undersecretary [redacted] public order, [redacted] causing quite [redacted] stir in Brussels.

He is terribly popular on his native island of Crete, where he has been elected to parliament at every election since 1977. But he does have a rather unusual pedigree.

He was arrested twice in the mid-1970s, first for smuggling a boat load of weapons through the Aegean, then for organising armed groups in Greece who were reportedly trained by Palestinian guerrillas.

Unkind mutterings within the government suggest he [redacted] given [redacted] junior [redacted] job in [redacted] make up the numbers of Cretan deputies – the island being more solidly socialist than anywhere else in the land.

Which does nothing to quiet some in Brussels who wonder whether Valyrakis should be allowed to participate in meetings of the Trevi group. Composed of EU interior and public order ministers, it deals with immigration, border security and counter-terrorism matters. At least Valyrakis would know what he was talking about.

Strung out

■ The whole world has gone roller-towel mad, as Observer's fax machine can testify.

In the Department of Trade and Industry HQ in London, staff who need to wash their hands can read the following, apparently genuine, notice on the wall: "Fawlty towels service – call Basil on extension..."

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Friday August 5 1994

Tuna 'war' threatened as Spanish attack EU rivals

By Tom Burns in Madrid and Deborah Hargreaves in London

Spain's tuna fishermen appeared set yesterday to drag the Madrid government into a confrontation [illegible] European Union partners. The fishermen vowed to continue their hit and run tactics against rival EU fleets allegedly using illegal, oversized drift nets to land their catch.

"It's like starting a war," said Mr David Scott, president of Britain's National Federation of Fishermen's Organisations.

For much of yesterday navy patrol boats from Spain, the UK and Ireland seemed to be bobbing on the swell of the Bay of Biscay powerless to prevent the Spanish fisherman "taking the law into their own hands", as one EU diplomat in Madrid said.

Ship to shore radio reports from the Spanish vessels, as well as from the British and Irish ones that they had attacked, indicated that the Spaniards had cut drift nets they judged to be longer than the 2.5km limits imposed by Brussels and had drawn close to other allegedly offending EU trawlers, threatening hostile [illegible]

Recalling the violence at the end of last month when Spanish fishermen boarded a French tuna trawler and towed it to a Spanish harbour, [illegible] British [illegible] one Irish vessel were said at the end of yesterday's confused high sea clashes to be limping back to their home ports.

The British fishermen stress they are not breaking EU rules. "It's totally unacceptable. Tuna presents a tremendous opportunity for our fishermen and we want to hold on to it," said Mr Scott.

The Spanish fishermen seem equally determined. "Our navy boats threaten to machinegun us, which of course they daren't do," said Mr Anton Garay, a Spanish tuna fleet spokesman. "What they should be doing is defending our livelihood. Our government is doing nothing and forcing us to act."

The Spanish fishing boats, which make up by far the largest fleet in Europe, use rods and lines to catch tuna, unlike the larger vessels of other EU nations which are adapted to use long drift nets to land bigger catches.

British fishermen are angry with the confusion they say has arisen because some nets have lines longer than 2.5km. This is because they are constructed with "dolphin doors" to enable dolphins to escape through large holes in the [illegible]. The British have only pursued tuna fishing since 1990, as quotas for catching other white fish in EU waters have been tightened. The EU imposes no quota on tuna.

The Spanish agriculture and fisheries ministry appealed for calm and said EU inspectors aboard Spanish patrol boats would report oversized nets. "We cannot confirm that violent incidents have occurred and we are doing everything possible to ensure that everybody abides by EU rules," said a spokesman.

The UK government [illegible] "appropriate action" would be taken against any British vessel found to be using oversized nets.

Mr Michael Jack, fisheries minister, said he had insisted, in a message to the Spanish government, that it ensure Spanish fishermen did not take the law into their own hands. He said he would pursue claims for compensation by fishermen.

Representatives of Spain, France, Ireland and the UK were meeting yesterday in Brussels in an attempt to resolve the conflict.

The Spanish tuna fleet warned that any reprisals by Madrid or Brussels could lead to renewed use of the blockade tactic which [illegible] week s[illegible] off Spain's northern ports for three days.

Mickey Mouse beats Chinese pirates

By Bronwen Maddox in New York

With a wave of his magic wand, and the help of his friends, the lawyers, Mickey Mouse won a landmark victory over copyright pirates in China, when a Beijing court ruled that his image could not be used without the US Walt Disney entertainment group's permission.

The year-long lawsuit is the first case to be brought against Chinese publishers by a US company, according to the state-run Guangming Daily.

Disney said last night: "We're delighted. It shows that China is responding to the interests of the west in protecting intellectual copyrights."

The ruling, revealed yesterday, was welcomed by other companies which are probing the lucrative Chinese markets.

Mr Art Barron, chairman of Time Warner International, a division of the US entertainment group, said: "This ruling should be good for everyone in the entertainment industry. The problem is who enforces it, but it's a good start."

China has vowed to crack down on piracy as part of its attempts to gain support for its return to the General Agreement on Tariffs and Trade which it left more than 40 years ago. The US has claimed piracy costs foreign companies billions of dollars.

The recently formed intellectual property chamber of the Beijing People's Intermediate Court ruled on Wednesday that the Beijing Children's Publishing Press, [illegible] Publishing [illegible] and New China Book Store Distribution Centre had pirated Disney characters in a range of children's books.

The books, which were based on animated feature films, featured some of Disney's most famous and valuable cartoon characters, including Mickey Mouse, Cinderella, Peter Pan and Snow White. According to Chinese newspapers, the defendants argued that they had acted legally under a licence which they said was obtained from a company in Hong Kong.

Mr Chuck Champlin, communications director for Disney Consumer Products, speaking from the company's headquarters in Burbank California, said last night that the group had asked the court to be recompensed for lost revenues. "However we will probably [illegible] wait [illegible] months for a judgment on liability," he added.

Disney currently has about 70 boutique stalls in China's mushrooming department stores. But it has been [illegible] from wider distribution of its character goods, including their use on mugs, clothes and videos, by the [illegible] piracy [illegible] Disney images, according to executives.

THE LEX COLUMN

Zeneca in shape

FT-SE Index: 3150.5 (-9.5)

When [illegible] plan [illegible] split ICI was announced two years ago, the decision to combine pharmaceuticals, agrochemicals and specialty chemicals in a demerged company raised a few eyebrows. While the synergies between the businesses remain a matter for debate, Zeneca's portfolio is proving its worth in financial terms. The drugs business is going through a relatively lean patch, but agrochemicals and specialties are showing strong recoveries. Yesterday's 31 per cent rise in pre-tax profits before exceptional items was more than the market anticipated.

The worry is that the chemicals side of the business may have to provide the pep to profits for some time to come. Drugs sales increased by a relatively modest 6 per cent in the first half, and fell for the second period running in the US. Underlying growth may be slightly better than this suggests – destocking of Zestril, Zeneca's biggest drug, depressed the overall rate of growth – but [illegible] competitive climate in the US is not getting easier. Zeneca's promising selection of new drugs is still some years from making a big impact on profits.

With a fair wind – literally, given the impact of the weather on agrochemicals profits – Zeneca should still be able to deliver the kind of earnings growth shareholders are expecting. By topping up its stock of provisions the company has carefully created room for additional cost-savings. With gearing of around 18 per cent and falling, Zeneca could also afford to buy additional growth. If the squeeze in pharmaceuticals gets worse, it may have to.

Kleinwort Benson

If the recent weakness of merchant bank shares was due solely to worries about the prospects for dealing profits Kleinwort Benson's figures provided little reassurance. Net dealing income was down by more than half in the first six months after a very sticky second quarter. While the fall was cushioned somewhat by lower bonuses to staff, it was asking a lot for the fee earning businesses to make up the difference. But they did so with room to spare. Fund management profits have suddenly shifted into a higher gear, thanks partly to a quick payback from its expansion in the US, and though they remain modest by the standards of S.G. Warburg or Schroders, they now account for more than 40 per cent of group profits.

Kleinwort shows there is still good money to be made selling European stocks into the American market and its investment in international equities in general is being well rewarded. The mergers and acquisitions business is also having a good run and while the gravy train of international privatisations will not keep rolling for ever Kleinwort's experience in Argentina shows that they can be an excellent entree into that country's private sector. Perhaps most encouraging of all, the bank says the proportion of new mandates it is winning has never been higher.

Given the improved quality of its earnings and abundance of capital Kleinwort could well decide to step up the pace of dividend growth. Yet the shares now yield over 4.8 per cent and the 30 per cent discount to Warburg looks increasingly difficult to justify.

TI Group

After the initial disappointment with its Dowty purchase, it is gratifying to see things coming right for TI Group. Some impact of economic recovery was expected in yesterday's interim figures, though it is still largely confined to the US. More fundamental is TI's focus on cash. Gearing has halved to 42 per cent in the pace of a year, thanks partly to the kind of working capital squeeze that might be expected from a finance director imported from GKN.

Admittedly Dowty's £500m price tag still looks high. Recovery is late to affect the airline industry, but margins at Dowty Aerospace have improved to over 9 per cent and the company reports a pick-up in spare parts orders. Once the recovery in this sector is felt, Dowty could look a solid, diversified, cash-generative engineering company – a far cry from its rather flashy image of the 1980s.

The trouble, as so often with cyclical stocks, is that this is already discounted in the price. A prospective multiple of around 20 times is hardly cheap, especially when the dividend is likely to be well under two times covered. Having failed to cut its dividend in the recession, payout growth will almost certainly lag earnings in the recovery. One has to hope that desire for a bit more fizz will not eventually lead TI to squander its cash on ill-conceived acquisitions.

Airtours

Airtours' 2 per cent fall yesterday suggests that the equity market is unimpressed by the outbreak of price wars in the travel industry. It does not yet have any serious reason for worry. The much-hyped price-cutting relates to next year's summer holiday range, whereas the crucial factor for package holiday operators is how far they have to discount late bookings in order to soak up surplus capacity. What matters is how well the current season is going. The indications are that 1994 could be a year in which tour operators prove unusually adept at matching supply with demand. Though 1.5m packages remain unsold, this is a relatively small number given the rate at which holidays have been selling.

It looks therefore as though price-cutting is largely a publicity stunt. If so, it is not without risks. Advance selling of next summer's holidays could upset sales of winter holidays, or customers could end up simply too confused to part with any money. But this is a small concern given the broader shape of Airtours' strategy.

Having diversified into the Scandinavian market, Airtours has no real need of a head-on confrontation with Thomson in the UK to secure its growth. Its [illegible] it should make a success out of its move into the cruise market, while its carefully-controlled hotel purchases protect it against rising room rates. Given the volatility of earnings in the travel business, Airtours inevitably trades at a discount to the market, but the current prospective discount of around 25 per cent looks unnecessarily low. Having cut its brochure prices, Airtours may have indirectly offered investors a bargain.

Lloyd's poised to hire debt collectors to chase Names

By Andrew Jack in London

Lloyd's of London is poised to hire commercial debt collectors as part of a tough new campaign [illegible] making members [illegible] the insurance market.

The move would represent a [illegible] stepping up [illegible] its efforts [illegible] close a shortfall of nearly £662m ($1bn) owed by thousands of Names, the individuals whose assets have traditionally supported the market.

Mr Peter Middleton, chief [illegible]utive, said yesterday Lloyd's did not have the resources internally to collect all its debts.

He [illegible] the [illegible] partly in response to complaints from Names' organisations themselves that some members of the insurance market were unfairly concealing their assets to avoid making payments. At present Names either enter "hardship", a Lloyd's [illegible] bankruptcy, or are pursued for payment – ultimately through legal action in the courts.

A committee [illegible] ruling council [illegible] Lloyd's [illegible] been created, chaired by Mr Bernard Bradford, the recently-retired head of corporate recovery.

Mr Philip [illegible], a [illegible] with Dibb Lupton Broomhead, a law firm with two specialist debt collection offices, will be working [illegible] to produce [illegible] the next council meeting on September 14.

Mr Holden said [illegible] night: "This is not a normal debt collection situation. I think there [illegible] things that can be done on a constructive basis that can make life better for everybody." The aim is to develop ideas as well as quantifying the size of the problem, [illegible] may [illegible] many as 14,000 Names. Recommendations are likely to include merging several Lloyd's departments responsible for collecting debts.

Mr Robert Miller of the Association of Lloyd's Names, the biggest Names group, said yesterday he welcomed [illegible] "There is a degree of dissatisfaction that there is a lot of monkey [illegible] on [illegible] some Names secreting their assets."

Mr Michael Freeman, a partner with lawyers Epstein [illegible] Michael Freeman, which is acting for many loss-making [illegible] said he had written to Lloyd's complaining about the idea.

"This is extraordinary and a legal [illegible] It looks like Lloyd's is attempting to by-pass the legal system. It cannot use [illegible] until it [illegible] obtained judgments against creditors. Names are not going to pay until [illegible]"

Belgrade rebukes Bosnian Serbs

Continued from Page 1

government, unilaterally if necessary.

White House officials said the Serbian [illegible] was "[illegible] encouraging sign, but we will have to see what the ramifications are".

The officials warned that pressure from the US Congress to supply arms to the Bosnian M[illegible]lems was growing.

Economic sanctions have taken a heavy economic [illegible] in Yugoslavia and a government statement made no effort to hide Belgrade's bitterness at the latest rejection of the peace plan. "The leadership of the [Bosnian Serb self-declared] Republic of Srpska, by rejecting peace, has committed the most serious act against [illegible] federal republic [illegible] Yugoslavia, the Serbian and Montenegrin people and all citizens who live in these territories," it said.

[illegible] economists [illegible] diplomats estimate that 5-20 per cent of Yugoslavia's gross domestic product has been spent on military and financial support for the [illegible] Serb forces.

The Bosnian Serbs depend on Belgrade for arms and food supplies and western officials said the test would be whether Mr [illegible] did actually seal the border.

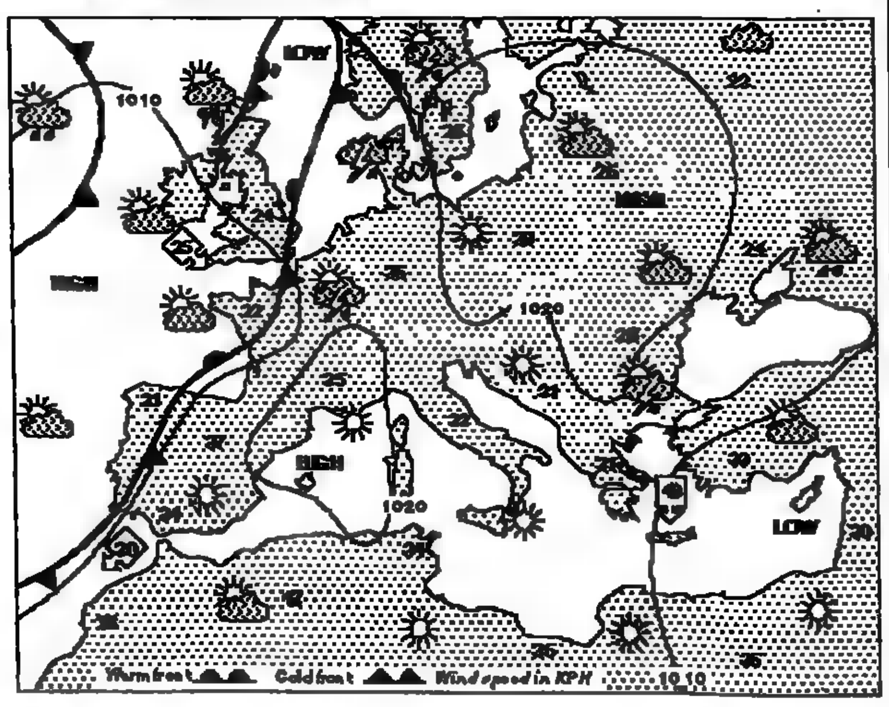
FT WEATHER GUIDE

Europe today

North-westerly breezes between low pressure south-west of Norway and high pressure south-west of Ireland will bring cooler Atlantic air with broken cloud and showers into the UK. The cooler Atlantic air will begin to cool the continent. Germany and eastern France will see temperatures as high as 36C but isolated strong thunder storms will develop later in the afternoon. Further east, it will remain sunny and warm but Bulgaria and Romania will also have a few thunder showers. There will be a strong northerly wind on the Crete coast. Russia and Scandinavia will be unsettled and cool. Norway will be cloudy with outbreaks of rain.

Five-day forecast

Another high pressure area will bring drier conditions with sunny periods to Ireland and Scotland. England will be rather unsettled and on the western side of the continent there will be broken cloud with some thunder showers. Temperatures will drop to more seasonal levels. Next week, the showery conditions will move towards central Europe but Italy, Spain and the southern Balkans will stay sunny and hot. Russia will have more sunshine.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum	Celsius						
			[illegible]	[illegible]	[illegible]	[illegible]	cloudy	[illegible]
			Belfast	[illegible]	[illegible]	[illegible]	cloudy	[illegible]
Abu Dhabi	sun	37	Belgrade	[illegible]	30	[illegible]	fair	28
Accra	[illegible]	[illegible]	Berlin	[illegible]	[illegible]	Chicago	sun	25
Algiers	[illegible]	36	Bermuda	sun	32	[illegible]	sun	35
Amsterdam	thund	[illegible]	Bogota	[illegible]	20	[illegible]	fair	31
Athens	[illegible]	33	Bombay	[illegible]	[illegible]	Dallas	[illegible]	[illegible]
Atlanta	[illegible]	29	Brussels	thund	[illegible]	Delhi	fair	34
B. Aires	sun	20	[illegible]	sun	33	Dubai	sun	37
B.ham	fair	23	C.hagen	fair	24	Dublin	shower	18
[illegible]	cloudy	34	Cairo	sun	35	Dubrovnik	sun	32
[illegible]	sun	29	Cape Town	fair	[illegible]	Edinburgh	shower	[illegible]

Faro	sun	29	Madrid	sun	37	Rangoon	[illegible]	31
[illegible]	fair	36	Majorca	sun	[illegible]	Reykjavik	[illegible]	15
[illegible]	fair	32	Malta	sun	[illegible]	Rio	fair	21
[illegible]	sun	30	[illegible]	cloudy	22	[illegible]	sun	33
Glasgow	shower	20	[illegible]	cloudy	31	S. Frsco	[illegible]	23
Hamburg	sun	[illegible]	[illegible]	[illegible]	13	[illegible]	[illegible]	[illegible]
Helsinki	sun	[illegible]	[illegible]	sun	[illegible]	Singapore	rain	[illegible]
Hong Kong	rain	32	Miami	fair	33	[illegible]	sun	[illegible]
[illegible]	[illegible]	[illegible]	Milan	[illegible]	[illegible]	Strasbourg	sun	[illegible]
Istanbul	fair	26	Montreal	thund	24	Sydney	sun	17
Jakarta	cloudy	32	Moscow	fair	24	Tangier	sun	[illegible]
Jersey	cloudy	19	Munich	sun	[illegible]	Tel Aviv	sun	[illegible]
Karachi	fair	31	Nairobi	fair	21	Tokyo	fair	[illegible]
Kuwait	sun	42	Naples	sun	33	Toronto	sun	[illegible]
L. Angeles	sun	[illegible]	Nassau	sun	[illegible]	Vancouver	rain	[illegible]
Las Palmas	sun	[illegible]	New York	thund	[illegible]	Venice	sun	[illegible]
Lima	cloudy	[illegible]	Nice	sun	[illegible]	[illegible]	fair	[illegible]
Lisbon	fair	[illegible]	Nicosia	sun	35	[illegible]	sun	[illegible]
London	fair	[illegible]	Oslo	fair	25	[illegible]	[illegible]	31
Lux.bourg	thund	33	[illegible]	[illegible]	32	[illegible]	[illegible]	11
Lyon	sun	34	[illegible]	[illegible]	14	Winnipeg	[illegible]	[illegible]
Madeira	fair	[illegible]	Prague	sun	33	Zurich	sun	[illegible]

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WORLDWIDE EXPERTISE AND RESOURCES

IN BRIEF

Schering up 4% at the half year

Schering, the Berlin-based pharmaceuticals group, announced a 4 per cent rise in half-yearly group profits and expects a 5 per cent improvement for the year. Turnover for the half-year increased by 16 per cent to DM2.3bn ($1.4m) and will be 12 per cent higher for the year as a whole. Page 18

Arena sale helps Molson
Molson, the diversified Canadian brewer, lifted quarterly profits by a third but the advance was due to a one-off gain from the sale of a Toronto ice-hockey arena. Net earnings rose to C$49.2m (US$35.6m). Page 15

Strong first-half growth at Keppel
Keppel, the Singapore government-linked group mainly involved in shipping, engineering and financial services, has announced pre-tax profits for the six months to end-June of S$178.4m (US$119m), a 22 per cent rise. Page 15

Telecom NZ earnings rise
A strongly growing economy and marketing initiatives combined to give Telecom New Zealand a 17.2 per cent increase in net earnings to NZ$138.5m (US$83.4m) in the first quarter to end-June. Page 19

Kleinwort Benson defies dealing dive
Kleinwort Benson, the UK-based merchant bank, reported interim pre-tax profits of £45.8m ($71m), up from £42.2m the year before, despite turbulent trading conditions which slashed dealing profits by nearly 60 per cent. Page 18

Glynwed International up 59%
Glynwed International, the diversified UK [illegible]ing group, lifted first-half [illegible] tax profits by 59 per cent to £29.1m ($45m) as five of its six main operating divisions showed an increase [illegible] the [illegible] level. Page 19

BTP plans German takeover
BTP, the UK speciality chemicals group, has conditionally agreed to acquire AGS Industrieklebstoffe, a German adhesives business, for DM30.6m ($19.4m) cash. Page 18

CRH announces acquisitions
CRH, the Dublin-based international construction and bu[illegible]ng materials group, announced yesterday it had [illegible] four acquisitions in the north-eastern US for $66.4m cash. Page 18

AIB plans to buy UK building society
Allied Irish Banks yesterday signalled its interest in either buying a UK building society or adding to its US retail bank, as it disclosed a 13.6 per cent rise in half-year pre-tax profits to [illegible]161.7m ($246.4m). Page 18

Kuala Lumpur stocks hit five-month high
Kuala Lumpur posted its highest close for more than five months as early profit-taking gave way to blue-chip buying by foreign funds. The composite index added 7.74 at 1,085.80. Back Page

Tulips, not from Amsterdam
While Holland celebrates the 400th anniversary of the tulip this summer, the horticultural industry to which it gave birth is facing undercutting from a new crop of African producers. Page 26

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
Deutsche Bab	[illegible]	+	44	[illegible]	644	+	[illegible]
Kaufhof	515	+	9	[illegible]	631	+	17
Klockner Wk	163	+	5	Falls			
Falls				Accor	677	–	14
BASF	[illegible]	–	[illegible]	Air Liquide	813	–	17
[illegible]	720	–	10	[illegible]	770	–	19
Hochtief	810	–	[illegible]	Promodes	970	–	21
NEW YORK ($)				TOKYO (Yen)			
Rises				Rises			
Best Buy	[illegible]	+	[illegible]	Banyu [illegible]	934	+	16
Dayton Hud	83¾	+	1	Hitachi [illegible]	635	+	60
Falls				Ishihara	425	+	16
Chrysler	[illegible]	–	1⅛	Jpn Stl Wks	361	+	[illegible]
Dana	27¾	–	1⅞	Falls			
Ford	29¼	–	1⅛	JEOL	888	–	24
Gap Stores	38	–	⅝	[illegible]	944	–	22

New York prices at 12.30pm.

LONDON (Pence)							
Rises				Kwik Save	602	+	25
Abbey	145	+	5	London Int	100	+	6
Adwest	280	+	20	[illegible]	43½	+	3
Bis Group	43½	+	[illegible]	Stanton (H)	[illegible]	+	8
[illegible]	112	+	[illegible]	Tullow Oil	47½	+	3½
Autonomous	[illegible]	+	6	Zeneca	786	+	34
Clinical Comp	104	+	7	Falls			
Cosmopolitan	335	+	14	GKF Inds	[illegible]	–	14
Dixons	204	+	8	Enterprise Oil	[illegible]	–	13
Euro Disney	137	+	[illegible]	[illegible]	30	–	[illegible]
Hamlet C'pole	51	+	3	[illegible]	228	–	[illegible]
[illegible]	138	+	12	STB	130	–	[illegible]
[illegible]	51	+	13				
[illegible]	[illegible]	+	[illegible]				

French group plans $1bn asset sales and promises an advance in full-year profits

Restructuring hits Rhône-Poulenc

By John Ridding in Paris

Rhône-Poulenc, the French [illegible] and pharmaceuticals group, [illegible] a [illegible] cant increase in net profits this year, despite a 69 per cent fall in results for the first six months, Mr [illegible] Fourtou, chairman, said yesterday.

Announcing a decline in [illegible] profits, from FFr1.08bn ($200m) in the first half of 1993 to FFr337m for the first six months of this [illegible], Mr Fourtou [illegible] a strong improvement in the group's operating [illegible] and capital gains from asset sales would push full-year results above the FFr962m recorded in 1993.

Shares in the company, which have climbed over the past few weeks, rose by FFr2.7 to FFr141.5. This compares with a price of FFr135 per share for the public offer through which the privatisation of the company was completed last autumn.

Mr Fourtou said that Rhône-Poulenc planned to sell more than $1bn of assets. Capital gains from these disposals should offset exceptional charges this year.

He declined to give details of [illegible] possible sales. Industry observers believe the bulk of disposals will come from the company's basic chemicals operations.

The main first-half hit [illegible] from restructuring charges. Rhône-Poulenc took about FFr900m [illegible] provisions for rationalisation, mainly [illegible] Rhone-Poulenc Rorer, its US pharmaceuticals subsidiary.

Reduced gains from asset [illegible] another [illegible] in [illegible] first-half profits. Income from this source fell from [illegible] in [illegible] half [illegible] to FFr57m [illegible] time.

At the trading level, however, Mr Fourtou outlined an encouraging performance in the first six months. [illegible] the company's principal divisions, prompting a 5.9 per cent rise in turnover to FFr42.38bn.

At the operating level, profits before provisions and non-recurring items [illegible] by 14.6 [illegible] to [illegible].

The group's organic and inorganic chemicals division benefited from a rise in volume, although prices remained below the 1993 level, increasing turnover from FFr7.15bn [illegible]. The fibres and poly[illegible] division [illegible] healthcare operations [illegible] a strong [illegible].

A stronger [illegible] expected [illegible]ond-quarter performance [illegible] operating results in the agricul[illegible] division [illegible] FFr916m.

Mr Fourtou said [illegible] group [illegible] continue [illegible] restructuring [illegible] on [illegible] core [illegible] and reduce debts, which rose from [illegible] the end of June.

Fourtou's view, Page 14

BA pilots may follow US staff in calling for stake

By Paul Betts in London and Richard Tomkins in New York

British Airways pilots are considering asking the management to increase employee share ownership in the UK carrier.

The move coincides with proposals by pilots at USAir for employees to take a 25 per cent stake in the sixth largest US carrier, in which BA holds a 24.6 per cent stake. The staff stake would be part of a restructuring programme involving $2.5bn in wage cuts and other concessions to return the airline to profit.

Mr Chris Darke, secretary general of the British Airlines Pilots Association (Balpa), the UK pilots' union, confirmed yesterday that Balpa was preparing a f[illegible]ility study on increased employee share ownership in BA. At present, employees own about 4 per cent of BA's shares.

"Unlike employee share ownerships schemes in US carriers, which are essentially defensive, we are interested in sharing in the success of BA," he said.

Balpa is also interested in sharing in the benefits of BA's alliances with other carriers. It has held discussions with pilot representatives from Qantas, the Australian carrier, the French TAT and Deutsche BA.

Yesterday USAir pilots representatives outlined their proposals to BA. Both USAir and BA managements have so far responded coolly.

One of the pilots' requests is for BA to invest a further $450m in USAir. BA has made it clear it will make no further investment until it is satisfied USAir is on the road to recovery.

The managements of USAir and BA are now waiting for a detailed package of proposals from all USAir unions. However, any agreement on an employee ownership scheme is likely to require lengthy negotiations, not just between the airline and unions, but between the unions themselves. At issue is how much each group of workers is prepared to sacrifice.

The pilots' union has suggested that employees get 25 per cent of the airline's shares and $700m in preferred stock in return for labour concessions worth $2.5bn over five years. But it wants its own members to contribute only $750m worth of the concessions, while other workers contribute $1.75bn.

Yesterday the Association of Flight Attendants said it agreed with the concept, but disagreed with the proposed allocation. The International Association of Machinists has also expressed strong reservations.

Bernard Gray reports on bidding for sales on the waterfront

Three-handed poker game at the dockyards

Mr [illegible] Rifkind, [illegible] defence secretary, [illegible] much [illegible] equipment orders which sweetened his defence cuts last month. In the package of goodies was a highly publicised announcement of up to five new Trafalgar nuclear hunter-killer submarines, costing £1.5bn ($2.3bn). On the same day, confirmation that the Royal dockyards at Rosyth in Fife and Devonport in Plymouth are to be sold off was slipped quietly into the water in a sepa[illegible].

In fact, [illegible] submarine order and the sale of Devonport are closely connected, and a swelter[illegible] poker game may develop between VSEL, [illegible] maker of submarines; DML, Devonport's operator; and GEC, which is interested in doing both.

DML has run Devonport for the Ministry of Defence since 1987. However, while the incumbent management will be a strong contender when the yard is fully privatised, a dozen other companies, including [illegible] BAe, [illegible] also registered an interest. DML's bid may be the best informed, but there is no guarantee that it will be the highest.

Pricing the yard will be difficult because its profitability is low compared with the theoretical value of its assets. A defence-related company turning over around £260m a year with profits of around £12m might attract a modest bid of much less than £100m – particularly as any buyer will have to take on a large workforce and any associated redundancy costs.

Then again, this is a large slice of the waterfront in the centre of the biggest city in the south-west of the UK. And with the MoD being coy about what the dockyard's assets are worth, potential bids could vary widely. If a bidder could find an alternative use for half [illegible] the dockyard space – and Plymouth council is keen to free scarce industrial land in the area – another bidder might be able to pay substantially more.

DML has one strong card. Last year it won the competition against Rosyth to refit all of the Navy's nuclear submarines. Submarine refits, at more than £100m a shot, are even more extensive, and expensive, than those for surface warships.

Indeed, refits are very much like the original construction of the submarine, with the exception of making the pressure hull. As a result there is a great deal of common ground, and common costs, between the makers of nuclear submarines and the operators of Devonport dockyard.

Nuclear submarines are traditionally made by VSEL in Barrow. In a cavernous covered yard there called, coincidentally, the Devonshire Dock Hall, the company has made the Trident missile submarines and the previous batch of Trafalgar hunter-killer boats. VSEL is the natural choice [illegible] build the new Trafalgars, which will [illegible] £300m-£400m each, but it may not win. GEC-Marconi is also interested in the contract, and is a much bigger company, [illegible] better able to carry the heavy risks of being the prime [illegible] for a £1.5bn project.

For the first time the MoD is asking bidding companies [illegible] the heavy risks [illegible] fixed-price [illegible] construction. That puts the small but cash-rich VSEL [illegible] disadvantage to [illegible] large [illegible] GEC. VSEL also has an interest in strengthening its competitive position for the Trafalgar bid.

Significantly, the MoD wants [illegible] builds [illegible] Trafalgar boats to cover some [illegible] costs – up to and including the first refit of the submarines. It also wants whoever buys the dockyards to give guarantees over the cost of refits for at least the first five years after sale.

Industry observers think that [illegible] conjunction of interests makes VSEL and DML natural partners. If the two could find a way to co-operate, or even merge, they could cut costs from many of the common operations they would need to run, and have greater certainty about the risks and rewards of new build and refitting submarines.

Lower costs would allow a combination of DML and VSEL to bid a higher price for Devonport, increasing the chances of success, and mount a lower offer for the Trafalgar build, also improving the odds of beating GEC.

But analysts say that fitting the two jigsaw pieces together would not be easy. VSEL is a quoted company, which as a result of the Trident contract, has built up a £320m cash pile that it wants to invest. DML, by contrast, is a management operation with three corporate shareholders: Root and Brown, the US engineering group, UK pump maker Weir, and BICC, the cables company.

Perhaps the easiest way to combine the two would be for VSEL to buy out the existing shareholders, but they may be unwilling to sell. VSEL could bid for Devonport alone, but analysts regard that as risky. A consortium approach may be more likely, but then it may be difficult to gain the full benefits of integrating the two operations.

GEC, meanwhile, may [illegible] other ideas. It hopes to win the Trafalgar order to bolster its position as a prime contractor to the MoD – a status it jealously covets. However, GEC's Yarrow yard on the Clyde is too small to build the boats. Yet much of the cost of a submarine is in electronics, which is GEC's forte, and it could sub-contract some of the building [illegible] to VSEL [illegible]. It [illegible] looking closely [illegible] Devonport, though the company's legendary [illegible] and [illegible] yard's potential liabilities may be enough [illegible] scare [illegible].

[illegible] initial bids [illegible] the yards are due by the autumn, [illegible] three-[illegible] poker game may develop rapidly. Any alliances must come [illegible] if [illegible] to be prepared in time.

[illegible] when [illegible] of [illegible] are complete, [illegible] plans for Devonport could still be [illegible] if a theme-park bidder [illegible] to turn half of the Plymouth yard into Mr Blobby's World of Fun.

Ashley Ashwood
VSEL makes nuclear submarines, like Vanguard, in Barrow

Zeneca dented by £100m charge

By Paul Abrahams in London

A [illegible] restructuring charge dragged [illegible] pre-tax [illegible] at [illegible], the UK bioscience group, which yesterday reported a 3 per [illegible] fall from £362m [illegible] £351m [illegible] first half.

The exceptional provision was to enable [illegible] from the troubled [illegible] pean seeds market, [illegible] rationalise [illegible] and [illegible] in the agrochemicals and specialities [illegible].

Mr David [illegible], chief executive, [illegible] "[illegible] Europe is an important agricultural growing area. But sadly the [illegible] infrastructure [illegible] in turmoil. There are huge logistical problems in selling seeds, harvesting the product and then distributing it on the international [illegible]. That [illegible] an [illegible] credit risk, [illegible] export [illegible] been withdrawn – not just [illegible] seeds, but everything. It's just not worth [illegible]."

[illegible] seeds [illegible] the provision – £51.2m, [illegible] agrochemicals and [illegible] receiving £37.2m and [illegible] respectively.

Mr John Mayo, finance [illegible]tor, rejected suggestions that Zeneca could be subject to a hostile takeover. On Wednesday, the [illegible]'s share price rose 13p to 771p [illegible] takeover speculation after American Home [illegible] made a $8.5bn (£5.5bn) unsolicited bid [illegible] American Cyanamid.

Mr Alan Pink, chief executive of the agrochemicals and seeds division, said the agrochemicals operations of American Cyanamid, the US group, would make a good fit with [illegible]. He said a joint venture might generate significant benefits, or that Zeneca might be interested in acquiring the business at a reasonable price. However, he warned: "We are not ready to enter a bidding race."

[illegible] turnover rose 3 per [illegible] from [illegible] to £2.38bn. Excluding disposals, underlying volume was up 7 per cent. Operating profits by ongoing businesses rose 17 per cent from £405m to £473m.

The dividend was raised 2 per cent from 10.5p to 10.75p. Earnings per share fell 22 per cent from 32.7p to 25.4p, the result of the share issue at the time of the demerger from Imperial Chemical Industries last year, and the exceptional restructuring charge.

Lex, Page 12; Details, Page 18

Cost-cutting set to revive profits at Nippondenso

By Gordon Cramb in Tokyo

Nippondenso, the Toyota affiliate which is Japan's biggest car part maker, is on course for its first profits upturn in four years as a stringent cost-cutting programme offsets a continuing decline in sales.

Recurring profits before tax for the first half to June, announced yesterday, were Y29.62bn ($300m), up 8.6 per cent from the Y27.26bn in the same period of last year and a sharp improvement on the Y20bn the company had earlier expected to reach.

Full-year profits are projected to touch Y50bn compared with Y41.63bn in 1993 and an earlier forecast of Y44bn.

The achievement comes in the face of weaker demand from carmakers – Nippondenso supplies all manufacturers in Japan except Nissan.

The company has also been hit by the squeeze on suppliers' margins which the automotive giants have been exerting in order to hold down their own costs. According to one analyst, Toyota is seeking 5 per cent annual reductions in component prices.

Results for Toyota in the full year to June are due later this month, and are expected to show a continued decline. Car sales in Japan turned upwards in July for the first time in 15 months.

Officials at Nippondenso said rationalisation measures and reduced overtime payments were worth Y15bn and formed most of the Y20.7bn in overall savings it was able to make during the six months – the rest came from a lower depreciation bill [illegible] cheaper raw materials.

These savings offset the estimated Y18.3bn negative effect on profitability of factors such as a Y7bn impact from unfavourable currency movements.

For [illegible] full-year projections Nippondenso, which exports [illegible] a [illegible] of its output, is assuming a yen-dollar exchange [illegible] Y102.

[illegible] fell 4.8 per [illegible] and are expected [illegible] total [illegible] for the year, against Y1,269.5bn.

Interim net earnings emerged [illegible] Y16.14 per [illegible] compared with Y15.70, and the forecast for all of [illegible] is Y27.45 against Y23.55.

Schering half-year gains are lower than expected

By Judy Dempsey in Berlin

Schering, the Berlin-based pharmaceuticals [illegible] yesterday yesterday announced a [illegible] [illegible] cent rise in half-yearly group profits and expects a [illegible] per [illegible] improvement for [illegible] [illegible].

Turnover for the half-year increased by 16 [illegible] cent [illegible] [illegible] ($1.4m) and will be 12 [illegible] [illegible] higher [illegible] [illegible] year as a whole, totalling DM4.6bn.

[illegible] results do [illegible] include [illegible] from [illegible] crop protec-[illegible] division which was hived off last January and placed in a separate joint venture, AgrEvo, with Hoechst, one [illegible] Germany's largest [illegible] and pharmaceutical manufacturers.

The half-yearly group [illegible] which totalled DM192m was lower than expected because of the decline [illegible] the dollar and sterling as well as [illegible] scraping [illegible] [illegible] [illegible] and [illegible] [illegible] [illegible] [illegible] German [illegible] [illegible] [illegible] were based in [illegible] [illegible] [illegible] [illegible].

In addition, Schering [illegible] [illegible] group [illegible] [illegible] [illegible] one-off payments for [illegible] rights for Betaseron, a drug used [illegible] multiple [illegible]. [illegible] group [illegible] [illegible] [illegible] [illegible] accounted for nearly 66 [illegible] [illegible] [illegible] its therapeutic [illegible] division. The [illegible] [illegible] DM744m for the first [illegible] [illegible] this [illegible] compared [illegible] [illegible] [illegible] [illegible] first [illegible] [illegible] [illegible] 1993.

[illegible] sales [illegible] the [illegible] period rose by [illegible] per cent to DM358m, and exports [illegible] by [illegible] per cent [illegible] DM1.98bn.

Schering's turnover last year totalled DM5.3bn, which included [illegible] agro-chemical/crop protection division, and profits amounted to DM254m.

Euro Disney shares lifted by result of rights issue

By John Ridding in Paris

[illegible] in Euro Disney, the [illegible] park operator, jumped by 7.5 per [illegible] [illegible] FFr10.75 yesterday, following the announcement that its FFr5.95bn ($1.1bn) [illegible] [illegible] had [illegible] [illegible] [illegible] [illegible] sub-[illegible].

The smooth completion of [illegible] rights [illegible] will come [illegible] welcome news [illegible] Euro Disney, [illegible] [illegible] [illegible] to implement [illegible] [illegible] package [illegible] [illegible] [illegible] FFr5.3bn [illegible] [illegible]. [illegible] rights issue, which will [illegible] [illegible] to reduce [illegible] of about FFr16bn, excluding convert-[illegible] bonds, [illegible] [illegible] central [illegible]ment [illegible] [illegible] FFr13bn [illegible] package.

The result prompted [illegible] [illegible] [illegible] from Euro Dis-[illegible]. "Given the current mar-[illegible] [illegible] and the timing [illegible] the rights issue, [illegible] are pleased with [illegible] level of subscription and the confidence expressed [illegible] [illegible] shareholders," the company said.

An analyst [illegible] the result as "respectable, rather [illegible] spectacular". [illegible] accounting [illegible] the 49 per cent of the issue which was taken up by Walt Disney, the US [illegible] [illegible] and par-[illegible] [illegible], the [illegible] meant that [illegible] 40 [illegible] [illegible] [illegible] individual [illegible] did not sub-[illegible] [illegible] [illegible] [illegible].

The consortium of about 60 banks which [illegible] the [illegible] of [illegible] [illegible] have been [illegible] with [illegible] FFr1.2bn [illegible] Euro Disney [illegible]. They can sell their [illegible] [illegible] [illegible] [illegible] to Prince [illegible] Bin Talal, [illegible] Saudi investor, [illegible] will buy [illegible] [illegible] are [illegible] [illegible] at the FFr10 [illegible] price.

According [illegible] Banque Nationale de Paris, [illegible] lead the [illegible] with Banque Indosuez, [illegible] underwriting [illegible] will [illegible] until the end of next [illegible] [illegible] [illegible] what [illegible] do with their [illegible] "[illegible] [illegible] likely to seek [illegible] clean exit and to sell their holdings [illegible] the prince," said one analyst.

[illegible] relatively [illegible] subscription rate [illegible] Prince Al-[illegible] will not reach the limit of 24 [illegible] [illegible] [illegible] Euro Disney's capital – [illegible] as his maximum holding.

Portuguese bank results mixed

By Peter Wise in Lisbon

Caixa [illegible] de Depósitos, Portugal's largest bank, posted [illegible] 0.7 per [illegible] [illegible] in pre-tax profits to [illegible] [illegible] [illegible] [illegible] first half [illegible] [illegible] compared [illegible] [illegible] same period [illegible] year. [illegible] [illegible] [illegible] [illegible] per [illegible] to Es4,644.7bn.

Banco Espirito Santo, the country's fourth-ranked bank, recorded a 5 per cent fall in net profits for the first half [illegible] [illegible] after [illegible] 53 [illegible] cent [illegible] in [illegible] provisions. Pre-[illegible] profits [illegible] [illegible] [illegible] [illegible] [illegible] Es15.6bn.

CGD, the only state-owned institution [illegible] Portugal's top five banks, [illegible] net [illegible] growth was largely [illegible] to the improved performance of financial investments, particularly [illegible] foreign banks, [illegible] [illegible] 5.5 per cent rise in total lending to [illegible].

[illegible] bank, which [illegible] Portugal's mortgage market, [illegible] [illegible] purchase lending [illegible] [illegible] [illegible] [illegible] to [illegible], accounting for 59.4 [illegible] [illegible] [illegible] total lending. Lending [illegible] the public administrative sector grew 17.7 [illegible] cent.

BES said a 7.7 per cent rise in total lending was also chiefly [illegible] [illegible] an [illegible] [illegible] home-purchase lending.

Espirito [illegible] Financial Holding, [illegible] holding [illegible] for BES [illegible] [illegible] [illegible] [illegible] in the [illegible], [illegible] [illegible] raised [illegible] capital to $221.9m, [illegible] $110.9m, by incorporating [illegible] in a bonus issue. Shareholders [illegible] one [illegible] ordinary share [illegible] [illegible] ordinary [illegible].

Banco Português de Investimento reported [illegible] consolidated net profit [illegible] [illegible] [illegible] the first half, compared with Es4.1bn [illegible] [illegible] [illegible] period [illegible] year. [illegible] controls [illegible] [illegible] & Burnay.

[illegible] [illegible] board of Banco [illegible] [illegible] Atlântico, [illegible]gal's [illegible] [illegible] bank, has formally rejected a public [illegible] by [illegible] Comercial Portu-[illegible], [illegible] smaller competitor, for a controlling [illegible] of BPA.

In a [illegible] [illegible] Portugal's [illegible] exchange [illegible] (CMVM), the board [illegible] [illegible] bid was [illegible] in [illegible] [illegible] inter-[illegible] of [illegible] [illegible] BCP [illegible] offering Es132bn for [illegible] per [illegible] [illegible] BPA.

TI Group advances 11% to £70m

By Tim Burt in London

Growing demand for car parts and industrial [illegible] helped TI Group, the specialist engineering and aerospace company, to achieve an 11 [illegible] cent increase in first-half profits.

The group announced [illegible] pre-tax profits [illegible] to [illegible] ($108.2m) from [illegible] [illegible] all [illegible] [illegible] businesses – John Crane, Bundy [illegible] Dowty Aerospace – [illegible] mixed trading by increasing operating profits.

Sales on continuing operations increased [illegible] per cent to £722.7m. Underlying operating profits – excluding [illegible] year's [illegible] gain from [illegible] electronics and fuel systems businesses, which have [illegible] [illegible] [illegible] – [illegible] 23 per [illegible] [illegible] £76.2m.

The shares gained 7p to 412p.

Sir Christopher Lewinton, chairman, [illegible] [illegible] figures showed [illegible] group was on course with its strategy of developing global [illegible].

The improved performance [illegible] underpinned by [illegible] 21 [illegible] [illegible] increase in operating profits at Bundy, [illegible] [illegible] and fluid systems [illegible], [illegible] benefited from buoyant [illegible] production in North America and [illegible] from European manufacturers. Its operating profits [illegible] [illegible] [illegible] from [illegible] on [illegible] [illegible] [illegible] £326.3m against £301.4m.

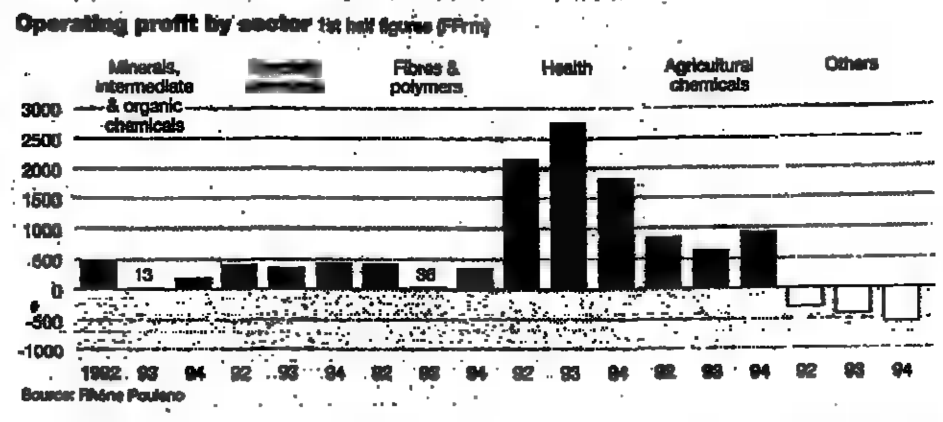
Profits at John Crane, [illegible] industrial [illegible] and polymers business, [illegible] 15 [illegible] [illegible] [illegible] £34.6m [illegible] [illegible] [illegible] [illegible] against [illegible].

[illegible] year's restructuring of Dowty Aerospace helped [illegible] aircraft components business lift profits to [illegible] from [illegible].

Lex, [illegible] [illegible]
Eyes [illegible] horizon, [illegible] [illegible]

Caught in the middle of a shake-up

Rhône-Poulenc is sticking to core sectors, writes **David Buchan**



Source: Rhône Poulenc

If Mr Jean-René [illegible] [illegible] his way, he may [illegible] preferred not to publish yesterday's mid-year [illegible] for Rhône-Poulenc, the French chemicals and drugs group.

However, the Rhône-Poulenc [illegible] [illegible] not [illegible] [illegible] [illegible] group has [illegible] blown [illegible] course. "Our operating, industrial results [illegible] globally in progression, and this will continue," he said. [illegible] the mid-year statement catches Rhône-Poulenc, privatised last year, awkwardly in the middle of a strategic re-orientation of its chemical division that will only start to bear fruit, and profit, by the end of this year.

Rhône-Poulenc wants to sell $1bn-$1.5bn of assets over the 18 months, mostly in basic commodity chemicals, to reinforce its presence in specialised "performance" products, requiring a higher rate of [illegible] ket [illegible] but with a better return. "By November [illegible] December, we [illegible] [illegible] [illegible] [illegible] [illegible] good sales," Mr Fourtou said.

[illegible] the first half [illegible] the year, [illegible] [illegible] [illegible] [illegible] [illegible] a perfectly [illegible] [illegible] [illegible] cent rise in pre-tax operating [illegible] that could not [illegible] [illegible] FFr900m restructuring provi-[illegible] [illegible] [illegible] impact of some [illegible] [illegible] by its treasury department.

By incorporating [illegible] profit-[illegible] vaccine-making Mérieux Institute fully [illegible] the group, by [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] and by a slightly lower [illegible] [illegible] [illegible]ment, Rhône-Poulenc has pushed the [illegible] [illegible] [illegible] [illegible] [illegible] own [illegible] down to [illegible] [illegible] [illegible] [illegible] [illegible] planned [illegible] [illegible] should push this [illegible] [illegible] still.

"But we normally [illegible] a [illegible] profit [illegible] foreign exchange operations," said Mr [illegible]. "This, how-[illegible], is only an [illegible] [illegible] made FFr900m last year, and may only [illegible] FFr200m this year, partly because we thought the dollar would [illegible] [illegible] and [illegible] [illegible] down".

Industrially, Mr [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] will [illegible] [illegible] its core sectors:

■ Human [illegible] animal [illegible]. Rhône-Poulenc [illegible] "heavily involved here, and will develop [illegible] [illegible]" through [illegible] Mérieux Institute and through [illegible] Rorer.

Rhône-Poulenc [illegible] [illegible] the US Securities [illegible] [illegible] Commission [illegible] it would like [illegible] flexibility in its [illegible] standstill agreement [illegible] limits its [illegible] in Rorer to 68 [illegible] cent for [illegible] years, during which period it [illegible] make [illegible] more acquisitions. This [illegible] [illegible] flutter on Wall [illegible] in [illegible] But Mr [illegible] said he [illegible] no particular [illegible] in mind, except [illegible] [illegible] [illegible] to [illegible] Cooper, [illegible] French pharmaceutical [illegible] [illegible] [illegible] Rhône-Poulenc recently bought, into Rorer.

Nor can [illegible] change [illegible] [illegible] without [illegible] agreement [illegible] [illegible] majority [illegible] [illegible] independent American [illegible].

● Agro-chemicals. "[illegible] people [illegible] [illegible] the reform [illegible] [illegible] [illegible] Agricultural Policy would drive us out of fungicides, [illegible] and plant protection in general," [illegible] [illegible]. Sales [illegible] [illegible] products did [illegible] 25 [illegible] [illegible] [illegible] 30 per [illegible] in [illegible], but recovered well particularly in North [illegible] [illegible] Japan.

● [illegible] fibres. The [illegible] has been reorganising its [illegible] [illegible] and selling off [illegible]. But "[illegible] [illegible] [illegible] [illegible] in nylon in Europe [illegible] polyester in Brazil", affirms Mr [illegible].

■ Chemicals. "The fact that [illegible] are [illegible] [illegible] [illegible] not mean [illegible] we [illegible] no longer interested in chemicals. We will [illegible] in [illegible] products [illegible] [illegible] have a dominant position and where we have a [illegible] use for them. But we [illegible] [illegible] inter-[illegible] in [illegible] intermediate products, [illegible] [illegible] any [illegible] activity. [illegible] commodity chemicals are [illegible] cyclical, require heavy invest-[illegible] [illegible] [illegible] [illegible] important [illegible] [illegible] such [illegible] Asia, and are [illegible] left to companies such [illegible] BASF and Dow, [illegible] in [illegible] case [illegible] [illegible] [illegible] indigenous oil [illegible]panies in [illegible] such [illegible] [illegible] and Malaysia."

[illegible] better, [illegible] Mr Fourtou, [illegible] [illegible] into [illegible] he [illegible] spe-[illegible] performance products where brainpower is as important as [illegible] [illegible] [illegible] [illegible] and understanding [illegible] [illegible] [illegible] key". [illegible] [illegible] [illegible] example the increasing requirement [illegible] [illegible] [illegible]panies [illegible] bio-degradable [illegible] inputs.

In [illegible] first [illegible] [illegible] [illegible] [illegible], chemical prices remained [illegible] their [illegible] [illegible] the start [illegible] 1993, [illegible] rose [illegible] their average in the second half of last year. "The market is turning around and will be better at the end of 1994," says Mr Fourtou.

[illegible] Rhône-Poulenc [illegible] [illegible] there [illegible] "a slight risk" that [illegible] planned chemi-[illegible] [illegible] [illegible] will [illegible] [illegible] through [illegible] time, to [illegible] out [illegible] [illegible] [illegible] in restructuring [illegible] [illegible] [illegible] [illegible] of 1994.

Air Liquide acquires Italian energy producer

By John Ridding

Air Liquide, the [illegible] industrial gases [illegible], yesterday announced [illegible] [illegible] has acquired [illegible], [illegible] Italian [illegible] energy [illegible].

[illegible] French [illegible] [illegible] [illegible] [illegible] the value of [illegible] [illegible] tion, but [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible].

Energheia, which [illegible] [illegible] [illegible] Milan, has [illegible] [illegible] [illegible] [illegible] than FFr100m.

The company produces 270GW [illegible] [illegible] [illegible] [illegible] year and 570,000 [illegible] [illegible] vapour. Such dual production, known as cogeneration, is [illegible] growing business area [illegible] Air Liquide, which [illegible] similar operations in the US, and one in the Netherlands [illegible] [illegible] due [illegible] [illegible] production [illegible].

Air Liquide [illegible] the acquisition, [illegible] through its Italian subsidiary, would [illegible] [illegible] [illegible] important partner [illegible] CESA, the Italian electricity group which supplies ENEL, [illegible] [illegible] electricity distributor.

● Banque [illegible] [illegible] Paris, [illegible] French bank, yesterday announced it is to sell its Belgian leasing operation to Locabel, [illegible] subsidiary [illegible] Banque Bruxelles Lambert.

The size of the transaction was not disclosed, but BNP Lease, the [illegible] being sold, [illegible] [illegible] [illegible] [illegible] BFr1.2bn [illegible].

[illegible] [illegible] [illegible] operation will allow it to [illegible] its Belgian [illegible] [illegible] providing [illegible] [illegible] [illegible] expanded leasing services.

[illegible] the [illegible] of the agreement, Locabel will supply [illegible] Belgian clients with leasing and [illegible] [illegible].

INTERNATIONAL COMPANIES AND FINANCE

Arena sale helps Molson improve after earlier slip

By Bernard Simon in Toronto

Molson, the diversified Canadian brewer, lifted quarterly [illegible] by a third but the advance was due to a [illegible] gain from the sale [illegible] a [illegible] ice-hockey arena.

Earnings [illegible] the gain slipped by 12 per cent due to fierce competition in the Canadian discounted beer market; higher [illegible] [illegible] Diversey, Molson's international cleaning-services unit; and a flat performance by the [illegible] hardware outlets.

Net earnings rose to C$49.2m (US$35.6m), or 84 cents a share, [illegible] three months to [illegible] June – Molson's first quarter [illegible] – [illegible] C$36.8m, or 62 [illegible], a year earlier. [illegible] special [illegible] gain amounted to C$16.9m, [illegible] 29 cents a share. Sales fell by 2.3 per cent to C$754.5m.

[illegible] Breweries, a joint venture between Molson, Foster's Brewing of Australia and US-based Miller brewing, increased its share of the Canadian market fractionally to 48.5 per cent. Total second-quarter beer sales in Canada improved by 0.6 per cent to 5.5m hectolitres.

Sales volume in the US jumped by 90.6 per cent to 0.7m hectolitres. This sharp increase was due to the launch of Molson Ice a year ago and a one-time inventory adjustment.

Although Diversey's sales rose by 12.4 per cent, operating profit dipped by almost 16 per cent. The [illegible] was due mainly [illegible] efforts [illegible] [illegible] in [illegible] subsidiary, [illegible] suffered a C$3.5m loss.

Mr [illegible] Cohen, chief executive, said Diversey's profit growth will continue to lag sales. "We expect, in future quarters of fiscal 1995, to continue to [illegible] and to be patient with profits," he said.

Molson recently folded its Canadian [illegible]ouse hardware chain into a joint venture with Home Depot, the large US do-it-yourself retailer.

Home Depot Canada, 25 per cent-owned by Molson, posted strong growth in the latest quarter, [illegible] of C$163.5m.

Showa Shell steps up dividend

By Gordon Cramb in Tokyo

Showa Shell Sekiyu, [illegible] Japanese oil refining and marketing affiliate of Royal Dutch/Shell, hopes by the end of this year to eradicate burdensome foreign exchange losses, and is increasing its dividend.

In February last year Showa Shell disclosed that its traders had run up losses of some Y165bn ($1.6bn) in unauthorised currency dealings which left it with a $6.44bn exposure to the dollar.

The company has since been attempting to unwind these, and said yesterday it hoped to clear all write-offs by the end of 1994 – at least a year earlier than expected – on a remaining exposure of just over $1bn. A charge of Y21bn was taken in the first half, leaving Y29bn outstanding.

The writedowns brought a 42 per cent slide in pre-tax profits to Y10.6bn for the six months to June.

Lower crude oil values triggered product price cuts which left interim revenues 5.8 per cent [illegible] at Y680.8bn, and higher distribution [illegible] weighed on profitability.

However, a better financial position allowed net earnings per share to emerge higher at Y16.38 compared with Y15.62, and the dividend is being increased to Y4 from Y3.

For the full year Showa Shell expects to pay Y9 per share against Y8.

The company, which has been selling shares from its portfolio holdings, did not adjust earlier earnings forecasts.

Greek venture for Renison Goldfields

By Nikki Tait in Sydney

Renison Goldfields, [illegible] Australian mining group in which Britain's Hanson group holds a large minority stake, has entered a joint venture agreement with Silver and Baryte Ores Mining, a Greek company, to explore for gold on the *Greek* island of Milos.

Silver and Baryte, Europe's biggest bentonite producer and related to Bauxites Parnassus [illegible] Company, already mines for bentonite, perlite, [illegible] barytes on the island.

Under the agreement, Renison will be able to earn a 75 per cent interest in the Midas project, of which Niugini Mining, which is controlled by Canada's Battle Mountain Gold, is entitled to 5 per cent.

Chase pays $348m for mortgage bank

By Richard Waters in New York

Chase Manhattan has announced an agreement to pay $348m for American Residential, a California-based mortgage bank, in a move that it said would make Chase one of the top five US home loan institutions.

The deal marks a continuation [illegible] ambition [illegible] grow specialised nationwide financial services units, for instance in home [illegible] and credit cards. It is [illegible] likely to prompt an acceleration in the takeover of mort[illegible] lenders, given [illegible] declared intention of some of the country's biggest commercial banks to expand their [illegible] in the [illegible].

In recent days, NationsBank had also been talked of as a possible bidder for American Residential, helping to push up [illegible] company's [illegible] price ahead of the Chase announcement. In May, Chemical Banking announced a $330m purchase of Margaretten, a New Jersey-based institution.

Mr Richard Rosenberg, chairman and chief executive of BankAmerica, said before the Chase announcement that the California-based bank was more likely to expand through the acquisition of specialised institutions such as mortgage banks than through purchases of full-scale commercial banks.

Although mortgage banks in the US have suffered from rising interest rates which have brought an end to last year's record refinancing and new [illegible] business, they remain attractive sources [illegible] fee income for banks.

Investcorp buys US retailer for $285m

By Norma Cohen, Investments Correspondent

Investcorp, the international investment bank, said yesterday it has agreed to acquire Star Market, a leading chain of supermarkets in Boston, Massachusetts, from American Company Stores for $285m in cash.

Investcorp will later sell a portion of the equity to its largely Bahrain-based shareholders. Mr Henry Nasella, a former president of the retail chain, will also be an equity partner in Star Market as well as manager of its operations.

Mr Nasella, 47, had most recently been president of Staples, a leading US office supply retailer where he had overseen its rapid growth from revenues of $30m in 1987 to $1bn in 1993.

Star Market's turnover in 1993 was $840m. It operates 33 stores and employs over 7,000 people.

Investcorp has other significant investments in North America including Saks Fifth Avenue, Camelot Music, Color Tile and Tiffany. It has also recently purchased the 50 per cent of Gucci it did not own.

The bank's main business is purchasing companies, overseeing their growth and selling them profitably, typically within five years.

[illegible] has begun to appoint a post-acquisition committee to oversee the management of each new acquisition to ensure proper growth.

ICC jumps to Bt364m

International Cosmetics, Thailand's leading quoted distributor of garments, cosmetics and other consumer products, yesterday announced a 27 per cent rise in net profits to Bt364.3m ($14.6m) in the first half of this year from Bt287.3m in the same period of [illegible], [illegible] in Bangkok.

Second-quarter net profits, however, were up only 4.8 per [illegible] to Bt167.1m [illegible] Bt159.5m a year earlier. With consumer spending rising, the company predicts profit growth of about 13 per cent for the full year.

ICC says first-quarter profits were artificially inflated by a switch to credit sales from a consignment system.

Strong first-half growth at Keppel

By Kieran Cooke in Kuala Lumpur

Keppel, the Singapore government-linked group mainly involved in shipping, engineering and financial [illegible]vices, has announced pre-tax profits for the six months to end-June of S$178.4m (US$119m), a 22 per cent rise on the corresponding period last year.

Group turnover was [illegible], a [illegible] on the previous term.

Keppel, one of Singapore's biggest [illegible] compan[illegible] [illegible] all [illegible] of the group [illegible] higher revenues though earnings from shipyard activities were lower due to weak market conditions, particularly in the VLCC (very large crude carrier) segment of the market.

The group said growth had been particularly strong in the shipbuilding and banking and financial services sectors. Earlier this week Keppel Bank announced a 71 per cent jump in net earnings for the first six months of the year to S$26.6m.

The group said that though ship repair is likely to continue to operate under difficult conditions in [illegible] half of the year, it expects strong growth from other core activities and better earnings perfor[illegible].

For the past two years Keppel has been moving aggressively into a variety [illegible] businesses overseas as it aims [illegible] become Singapo[illegible] premier multinational company. Keppel, which is 37 per cent owned by Temasek Holdings, the government's investment company, has shipyard interests in the Philippines, rig building in the US, shipping and engineering units in Hong Kong and a metal fabrication business in Australia.

The [illegible] Vietnam and [illegible] has [illegible] in Burma. Among [illegible] more prestigious projects [illegible] as [illegible] of a Singapore consortium which is developing a new industrial township in Suzhou, near Shanghai in China.

It is hoped that when completed, the town will [illegible] around US$20bn of investment.

IBM to realign storage arm

By Louise Kehoe in San Francisco

International Business Machines announced a [illegible] realignment [illegible] its $5bn [illegible] storage systems division which [illegible] and [illegible] computer storage devices.

The company will shift high-volume disk drive assembly and test operations from the US and Germany to lower cost sites in Asia and eastern Europe. The future of a manufacturing operation at Havant, in southern England, is also under review.

The moves follow a broad consolidation of data storage operations last year. IBM has been struggling to improve the profitability of its data storage business in the face of a steep decline in revenues. The division's [illegible] $5.1bn [illegible] year, down from $6.3bn in 1992 and $7.2bn in 1991. Analysts estimate that the storage division was only marginally profitable last year.

More than 1,100 jobs will be cut in the US during the next 18 months and additional cuts in Germany appear likely. The UK plant, formerly operated by the storage systems division, was last year transformed into an IBM-operated contract manufacturing operation.

IBM [illegible] establish [illegible] assembly operations in Asia, possibly in Thailand where it has an existing disk drive plant. Similarly, in Europe the company is looking for a site in eastern Europe.

"The decision to relocate portions of our disk drive assembly and test manufacturing operations from San Jose (the US headquarters of the storage products division) to overseas [illegible] is vital to our [illegible] as a producer of information storage products," said Mr Ed Zschau, general manager of the division.

IBM also [illegible] a new technology strategy [illegible] the storage division based on leveraging component designs across a range of products. This is in line with similar efforts under way in IBM's computer systems operations.

Hong Leong in casino deal

By Kieran Cooke

[illegible] of the Hong Leong group, [illegible] Malaysian conglomerate, plan to take a 60 per cent share [illegible] a $250m [illegible] entertainment project in the Philippines.

Guoman Holdings, of Hong Leong's property division, [illegible] to [illegible] per [illegible] in [illegible] project. A unit [illegible] Guoco, a Hong Kong-listed [illegible] of Hong Leong's operations [illegible] Malaysia, [illegible] hold 20 [illegible].

Hong Leong, [illegible] has [illegible] companies listed in Kuala Lumpur, is controlled by Mr Quek Leng Chan, a Malaysian Chinese entrepreneur.

Telecom NZ boosts net earnings by 17%

By Terry Hall in Wellington

A strongly growing economy and marketing initiatives combined to give Telecom [illegible] a 17.2 per [illegible] in net earnings to NZ$138.5m (US$83.4m) in the first quarter to end-June.

The company, which is controlled by Bell Atlantic and Ameritech, was also helped by earnings from its Australian investments. These [illegible] 51 per cent owned subsidiary, Pacific Star Communications which contributed revenue of [illegible].

Telecom is targeting Australia as its leading growth market for the provision of facilities such as enhanced facsimile systems. But it does not intend to compete directly with the network companies there such as Telecom Australia, Mr Roderick Deane, chief executive, said yesterday.

He said the improved profits performance was largely due to strong revenue growth; previously it had mainly stemmed from cost savings. Excluding Australian earnings, revenue on its New Zealand operations rose by [illegible] per [illegible] NZ$634.5m.

To cope with intense competition Telecom had cut average phone call prices by a further 11 per cent, but the negative impact on revenue was more than offset by a robust growth in volumes, Mr Deane [illegible]. The numbers of national calls rose by 15.1 per cent, while international calls were up by 17.6 per cent.

Cellular connections rose by 46.4 per cent, and revenue from mobile services was up by 22.3 per cent.

Dr Deane said the [illegible] for the company was excellent. There appeared to be considerable potential for growth when [illegible] Zealand telecommunications usage was compared with the US, he said.

INTERNATIONAL CAPITAL MARKETS

Wall Street listing for Chinese group

By Frank McGurty in New York

Shandong Huaneng Power Development yesterday became the first Chinese [illegible]pany with a primary listing on the New York Stock Exchange following [illegible] initial public offering of 23.3m American depositary [illegible] each.

The issue represents about [illegible] per cent of the outstanding [illegible] capital, with each ADS representing 50 common shares. A tranche of additional 3.5m ADSs was allotted to the underwriters to cover over-subscriptions. In early heavy trading the share price held steady at $14.25.

The [illegible] in [illegible] power plants in Shandong province, south-east of Beijing, is raising about $337m through the offering. Proce[illegible]s will finance an expansion programme aimed at quadrupling generating capacity by the end of the decade.

Power demand in the province, which [illegible] the [illegible] fastest growing local economy in China, already exceeds supply by 14 per cent.

[illegible] John Hennessy, chief executive of [illegible] First Boston, the global co-ordinator of the deal, said the decision to list the stock exclusively on the NYSE and to register it with the US [illegible] and Exchange Commission was significant for the future of Chinese privatisation.

[illegible] agreeing to conform [illegible] US accounting [illegible] and quarterly reporting requirements, the Chinese were trying to improve investor confidence in the long-term stability of its enterprises, he said.

The decision to list on the NYSE also underscores Shandong Huaneng's hearty appetite for foreign capital. It is the first of four Chinese power companies scheduled to launch international IPOs this year. One of them – Huaneng Power [illegible] – also plans a primary listing [illegible] NYSE after its flotation this autumn.

Four Chinese companies have dual listings on the New York [illegible] Hong [illegible] exchanges.

Derivatives seen as adding to market volatility

By Antonia Sharpe

A majority of respondents to a survey on the use of derivatives by institutional investors feel the instruments are causing an increase in market volatility.

However, there was a considerable difference between the response from those who are users and those who are not; 41.4 per cent of users thought the effect was to increase volatility while 70.7 per [illegible] non-users also thought [illegible]

The survey, produced by Euromoney Publications, draws its conclusions from the responses of 220 participants which consisted of [illegible] management companies, insur[illegible] companies, pension funds, banks and stockbrokers.

[illegible] analysed by respondent type, commodity trading advisers were all users, as expected, but only 55 per cent of banks and 50 per cent of stockbrokers use such instruments. While only 59.7 per cent of investment managers were [illegible] the figure [illegible] pension funds was 80 per cent.

Sweden and Hungary offerings draw attention

By Tracy Corrigan

INTERNATIONAL BONDS

[illegible] unusual eurobond offerings by sovereign borrowers dominated dealers' attention yesterday.

Sweden launched its [illegible] eurobond offering, after rumours of pre-marketing in Tokyo reached London dealers earlier this week, while the National Bank of Hungary, which borrows on behalf of the Hungarian government, launched a $250m issue of floating-rate notes, just before announcing an 8 per [illegible] of the forint.

As expected, Sweden's euroyen offering maturing in December 1996, arranged by Nomura, [illegible] aggressively priced. Nomura said it is the first euroyen bond to be targeted at a wide range of retail investors in Japan. To market the [illegible] prospectuses are being distributed, and the denominations are relatively small, at Y100,000 and Y1m.

Under [illegible] regulations, eurobonds [illegible] normally be placed in Japan with a limited number of [illegible] However, Nomura has applied for [illegible] Securities Registration Statement which [illegible] unlimited placement. [illegible] will [illegible] marketed through the retail network [illegible] Nomura and other [illegible] houses, in the [illegible] way as Samurai and domestic corporate bonds. However, the [illegible] for eurobonds are lower than for Samurai bonds (foreign [illegible] issued in the domestic market).

Although the deal appeared very tightly priced to London-based traders, Nomura said that retail [illegible] would compare the rate to fixed-term savings rates, currently around 2.1 per cent over two years.

In the dollar sector, the National Bank of Hungary's $250m issue of floating-rate [illegible] was [illegible] rather aggressively priced, compared with its outstanding fixed-rate paper. The deal [illegible] dis[illegible] margin [illegible] point over the [illegible] interbank offered rate.

Lead [illegible] Salomon Brothers [illegible] it still has [illegible] mandate from Hungary for a $500m-$750m global offering of 10-year bonds, [illegible] this [illegible], [illegible] there are no plans to bring the deal in the near future.

Elsewhere, several retail-tar[illegible] offerings [illegible] received. A $200m three-year deal for BNG, the Dutch bank, [illegible] eurobond [illegible] priced [illegible] yield spread [illegible]tive to the when-issued three-year Treasury. The spread of [illegible] the new Treasury [illegible] points over the old three-year benchmark, dealers said.

The [illegible] reservation expressed by [illegible] was [illegible] BNG has been tapping the market very frequently since it gained a triple-A rating in June, with rumours of a large yen transaction still to come.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
National Bank of Hungary‡	250	(a)	[illegible]	[illegible]	[illegible]	-	Salomon Brothers Intl.
BNG	200	6.375	[illegible]	[illegible]	[illegible]	+10 (W/ 3yr)	Swiss Bank Corp.
YEN							
Kingdom of [illegible]	100bn	2.80	[illegible]	[illegible]	0.30R	-	Nomura International
New Sth.Wales [illegible]Corp.(b)	10bn	3.20	[illegible]	[illegible]	0.15	-	Nomura International
STERLING							
[illegible]	100	9.00	99.447R	Sep.2004	[illegible]	+46 (6¾%-04)	Salomon Brothers Intl.
CANADIAN DOLLARS							
Crédit Local de France	100	9.00	99.748R	Sep.2001	[illegible]R	+15 (c)	ScotiaMcLeod
GMAC Canada(d)	100	9.375	100.05R	[illegible]	0.325R	+60 (7¼%-99)	Paribas Capital Markets
ECUS							
General Electric Capl.Corp.(e)	100	7.125	[illegible]	[illegible]	[illegible]	+8 (7¼%-98)	Barclays de Zoete Wedd
AUSTRALIAN DOLLARS							
Australian Ind. Dev'ment Corp.	100	9.50	100.65	[illegible]	2.125	-	Hambros Bank
[illegible] FRANCS							
[illegible] Kakoki [illegible]	100	0.50	100.00	Aug.1998	[illegible]	-	Nikko Bank (Switz.)

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead [illegible]. ★Private placement. ⊕With equity warrants. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) [illegible] Libor +150bp. b) Short 1st coupon. c) Over interpolated yield. d) Long 1st coupon. e) Spread relates to French Ecu BTAN's. f) Fixing: 9/8/94.

European prices slip ahead of US jobs data

By Conner Middelmann
in London and
Frank McGurty in New York

Stronger-than-expected economic data in Germany and position-squaring [illegible] of today's US jobs report put downward pressure on prices in most European government bond markets yesterday.

GOVERNMENT BONDS

■ German government bonds slipped more than [illegible] point following a larger-than-forecast jump in June manufacturing orders and the second consecu[illegible] drop in seasonally-adjusted jobless figures.

The data were taken to indicate that the German recovery is stronger than widely assumed, causing some market participants to revise their projections for short-term interest rates.

This took a particularly heavy toll on the short end of the market, [illegible] 1995 three-month Euromark interest [illegible] contracts [illegible] by up to [illegible] quarter-point.

But the long end also suffered, with the September bund future on Liffe falling by around 0.54 point to 93.55.

■ French government issues followed bunds lower, but were further pressed by the tepid reception to the Treasury's lat[illegible] auction [illegible] long-dated [illegible] This caused [illegible] bonds to underperform their German counterparts, their 10-year yield spread over bunds widening to 46 basis points from [illegible] points [illegible]

The auction yielded [illegible] bid-to-cover ratio [illegible] 2.09 on FFr13.4bn of 10-year bonds, 2.02 times on FFr2.95bn of 14-year paper 1.82 times on FFr3.6bn of 30-year bonds.

"The cover on the bonds was not as [illegible] it has [illegible] in [illegible] auctions, indicating there was very little end-inves[illegible] demand," [illegible] a bond trader.

When [illegible] September notional bond future on Matif approached technical support at 117.40, retail selling kicked in, pushing the contract even lower, he said. It closed at 117.08, down 0.82 point on the day.

■ UK gilts followed continental European markets lower, pressed further by sales ahead of today's data releases in the US and the UK.

"The market had got a bit too long on the relief that there was no rate rise, and some people [illegible] squaring [illegible] positions ahead of the [illegible] jobs [illegible] and UK industrial production and manufacturing output data," said Mr Ifty Islam, fixed income strategist at Merrill Lynch.

Gilts underperformed bunds, with the 10-year yield spread [illegible] by around 10 [illegible] points to 175 basis points. The September long gilt future fell one point to 102$\frac{7}{32}$.

■ US Treasury bonds dipped yesterday morning as traders squared their positions ahead of today's crucial data on July employment trends.

By midday, the benchmark 30-year government bond was [illegible] lower at 86[illegible], with the yield rising to 7.382 per cent. At the short end, the two-year note was off $\frac{1}{32}$ at 100[illegible], to yield 5.939 per cent.

Yesterday's session brought a piece of unfavourable news to the market as it prepared for the monthly jobs report. The government [illegible] initial claims for unemployment [illegible] week had declined by 10,000, indicating that [illegible] market conditions were improving.

[illegible] was [illegible] to a market looking for signs of moderating economic growth, which could delay the Federal [illegible] next move to lift short-term interest rates.

Traders were hoping the figure was not [illegible] preview [illegible] today's data on non-farm payrolls, which was expected to have the strongest influence on the Fed's decision on when to tighten credit again. An increase of more than 200,000 could send bonds prices sharply lower.

However, [illegible] neutral scenario seemed to be holding sway yesterday. Bonds across the board improved to near their opening values as [illegible] morning prog[illegible]

Mexican shares given greater SEAQ display

By Norma Cohen,
Investments Correspondent

Mexican equities will [illegible] quoted on [illegible] Exchange's [illegible] International screen under their own country heading from August 15, the Stock Exchange said yesterday.

The exchange said the move "recognises the maturing of the Mexican market". Mexican shares are already listed on [illegible] International, the Exchange's bulletin board for dealing prices in non-UK shares, but only under [illegible] broader Developing Markets [illegible]

The total volume of SEAQ International in firm-quoted Mexican stocks last year was £3.6bn, or 4 per cent of volume on [illegible] Mexican [illegible] Exchange.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		[illegible]	Red [illegible]	Price	Day's change	[illegible]	Week [illegible]	Month [illegible]
Australia		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium		7.250	04/04	95.2000	-0.580	7.97	8.06	8.23
Canada *		6.500	06/04	84.2500	+0.950	8.94	9.34	9.12
Denmark		7.000	[illegible]	[illegible]	[illegible]	8.10	8.03	[illegible]
France	BTAN	8.000	05/98	[illegible]	[illegible]	[illegible]	6.58	6.90
	[illegible]	[illegible]	04/04	87.7900	-0.700	7.29	[illegible]	[illegible]
Germany Bund		[illegible]	[illegible]	[illegible]	-0.490	6.85	[illegible]	[illegible]
Italy		[illegible]	[illegible]	[illegible]	-1.000	10.69†	[illegible]	[illegible]
Japan	No 119	4.800	06/99	103.8600	-0.390	[illegible]	[illegible]	3.60
		[illegible]	12/03	96.8520	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands		[illegible]	01/04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.65	11.04
UK Gilts		8.000	06/99	91-06	-11/32	[illegible]	8.28	8.28
		8.750	11/04	98-19	-29/32	8.42	8.66	8.57
		[illegible]	[illegible]	104-08	-39/32	[illegible]	[illegible]	[illegible]
US Treasury *		[illegible]	[illegible]	101-03	+7/32	7.09	[illegible]	[illegible]
		6.250	08/23	85-13	[illegible]	7.39	[illegible]	7.39
ECU (French Govt)		8.000	04/04	88.0900	-0.560	7.79	7.84	8.06

London closing, *New York mid-day
† Gross (including withholding tax at 12.5 per [illegible] payable by nonresidents)
Prices: US, UK in 32nds, others in decimal
Yields: Local [illegible]
Source: [illegible] International

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
Prime rate	[illegible]	One month	4.22	[illegible]	5.94
Broker loan rate	[illegible]	Two month	4.44	[illegible]	6.22
Fed.funds	[illegible]	Three month	[illegible]	Five year	6.70
Fed.funds at intervention	-	Six month	[illegible]	10-year	7.10
		One [illegible]	5.33	30-year	7.39

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	[illegible]	Sett price	[illegible]	High	[illegible]	Est. vol.	Open int.
Sep	117.86	[illegible]	[illegible]	117.94	[illegible]	[illegible]	116,967
Dec	117.00	116.20	-0.82	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	-0.82	[illegible]	[illegible]	175	2,708

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
115	-	-	-	0.34	1.45	-
[illegible]	-	2.15	2.85	0.54	1.79	2.30
117	-	1.88	2.10	0.85	2.28	-
118	0.60	1.10	1.67	1.35	-	-
119	0.21	0.76	-	2.05	-	-

Est. vol. total, Calls [illegible] Puts 77,481 . Previous day's open int., Calls 288,617 Puts 308,272.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	[illegible]	[illegible]	Low	[illegible]	Open int.
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	165450
Dec	93.48	92.83	-0.57	93.49	92.80	2494	20797

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Sep	CALLS Oct	CALLS [illegible]	CALLS Dec	PUTS [illegible]	PUTS [illegible]	PUTS Nov	PUTS Dec
9350	[illegible]	[illegible]	[illegible]	1.08	[illegible]	[illegible]	[illegible]	1.75
9400	[illegible]	[illegible]	[illegible]	0.86	0.84	1.62	1.89	2.03
9450	0.20	0.32	0.51	[illegible]	1.18	1.98	2.18	2.35

Est. vol. total, Calls 15240 Puts 14414. Previous day's open int., Calls 278849 Puts 278351

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	[illegible]	[illegible]	Change	High	[illegible]	Est. vol	Open int.
Sep		96.34	[illegible]			0	76

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	[illegible]	Sett price	Change	[illegible]	[illegible]	Est. vol	Open int.
Sep	103.45	103.09	-0.09	103.86	102.92	36529	84995
Dec	102.06	101.89	-0.16	[illegible]	101.80	[illegible]	[illegible]

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Sep	CALLS Dec	PUTS Sep	PUTS Dec
[illegible]	1.07	2.30	0.98	3.41
[illegible]	0.82	2.10	1.23	[illegible]
10400	0.60	1.91	1.51	4.02

Est. vol. total, Calls 1517 Puts 1626. Previous day's open int., Calls 36894 Puts 33370

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	[illegible]	[illegible]	High	[illegible]	Est. vol.	Open int.
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	-	[illegible]	91.50	194	767

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	[illegible]	[illegible]	[illegible]	High	Low	Est. vol	Open int.
Sep	103-13	102-07	-0-31	103-19	101-30	79017	117716
Dec	102-10	101-23	-0-31	102-10	102-10	1	1510

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Sep	CALLS Dec	PUTS Sep	PUTS Dec
102	1-24	2-44	1-10	2-62
[illegible]	0-56	[illegible]	1-42	3-34
104	0-34	1-55	2-20	4-09

Est. vol. total, Calls 4736 Puts 10144. Previous day's open int., Calls 74661 Puts 58019

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	85.30	[illegible]	[illegible]	85.40	84.78	1,261	[illegible]
Dec	-	[illegible]	[illegible]	-	-	-	-

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	[illegible]	104-21	-0-04	[illegible]	104-11	207,394	398,740
Dec	[illegible]	103-30	-0-03	104-02	103-20	2,741	66,231
Mar	-	[illegible]	-	-	-	6	[illegible]

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	[illegible]	[illegible]	[illegible]	Low	Est. vol	Open int.
Sep	108.00			108.10	107.85	2831	0
[illegible]	107.10			107.17	106.95	821	[illegible]

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Aug 4	Day's [illegible] %	[illegible] Aug 3	[illegible] interest	xd adj. [illegible]		Low coupon yield Aug 4	Low coupon yield Aug 3	Low coupon yield Yr. ago	Medium coupon yield Aug 4	Medium coupon yield Aug 3	Medium coupon yield Yr. ago	High coupon yield Aug 4	High coupon yield Aug 3	High coupon yield Yr. ago
1 Up to 5 years (24)	[illegible]	-0.12	121.02	1.71	6.91	5 yrs	[illegible]	8.17	6.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years (22)	140.25	-0.50	140.95	1.40	8.39	15 yrs	8.36	8.28	7.46	8.40	8.40	7.62	8.74	8.64	7.85
3 [illegible] (9)	157.01	-0.98	158.62	1.45	8.24	20 yrs	8.32	8.23	7.63	8.46	8.40	7.71	8.60	8.51	7.86
4 [illegible] (6)	[illegible]	-0.86	182.11	2.61	[illegible]	Irred.†	8.40	8.32	7.79						
5 All stocks (61)	[illegible]	[illegible]	[illegible]	1.54	7.90										

Index-linked							Inflation 5% Aug 4	Inflation 5% Aug 3	Inflation 5% Yr. ago	Inflation 10% Aug 4	Inflation 10% Aug 3	Inflation 10% Yr. ago
6 Up to 5 years (2)	186.27	+0.05	186.19	1.72	2.53	Up to 5 yrs	[illegible]	3.99	2.78	2.94	2.94	2.02
7 Over 5 years (11)	171.57	[illegible]	[illegible]	0.66	3.25	Over 5 yrs	3.90	3.90	3.34	3.72	[illegible]	[illegible]
8 All stocks (13)	172.21	-0.02	172.25	0.76	[illegible]							

Debentures and Loans						5 year yield Aug 4	5 year yield Aug 3	5 year yield Yr. ago	15 year yield Aug 4	15 year yield Aug 3	15 year yield Yr. ago	25 year yield Aug 4	25 year yield Aug 3	25 year yield Yr. ago
9 [illegible] & Loans (78)	130.47	[illegible]	[illegible]	3.21	5.67	9.51	[illegible]	[illegible]	[illegible]	[illegible]	8.61	[illegible]	9.30	[illegible]

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Aug 4	[illegible] 3	Aug 2	Aug 1	July 29	Yr ago	High*	Low*
Govt. Secs. (UK)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	107.04	[illegible]
Fixed Interest	111.54	111.65	111.02	110.80	110.27	120.32	133.87	[illegible]

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 [illegible] , low 50.53 (3/1/75) . Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Aug 3	Aug 2	Aug 1	July 29	July 28
Gilt Edged bargains	79.6	[illegible]	74.1	88.0	[illegible]
5-day average	82.5	88.0	87.2	90.3	90.8

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on August 4

	[illegible]	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	[illegible]	[illegible]	+⅛	7.70
Alberta Province 7⅞ 96	1000	102	[illegible]	+⅛	7.05
Austria 8½ 00	[illegible]	106	[illegible]	+⅛	7.12
Bank of Tokyo 8⅜ 96	[illegible]	[illegible]	[illegible]	+⅛	6.53
Belgium 5½ 03	1000	86	86½	+⅛	7.65
BFCE 7¾ 97	[illegible]	[illegible]	103	+⅛	6.64
British Gas 0 21	[illegible]	11¼	11½		8.39
Canada 9 96	1000	[illegible]	[illegible]	+⅛	6.11
Cheung Kong Fin 5½ 98	[illegible]	90⅞	91⅜	+⅛	[illegible]
China 6½ 04	1000	89⅞	89½	+⅛	8.37
Council Europe 8 96	100	102⅞	103⅛	+⅛	6.42
Credit Foncier 9½ 99	300	109⅝	109½	+⅛	7.07
Denmark 5¾ 98	1000	97⅜	97½	+⅛	6.57
East Japan Railway 6⅝ 04	600	[illegible]	[illegible]	+⅛	7.75
ECSC [illegible] 96	193	[illegible]	[illegible]	+⅛	6.60
[illegible]	[illegible]	[illegible]	103¾	+⅛	[illegible]
[illegible]	[illegible]	[illegible]	103		[illegible]
EIB 9¼ 97	1000	107⅛	107⅜	+⅛	6.65
Elec de France 9 98	200	106⅞	106⅝	+⅛	6.92
Eurofima 9¼ 96	100	104⅛	104⅝		6.66
Ex-Im Bank Japan 8 02	500	[illegible]	103⅜	+⅛	[illegible]
Export Dev Corp 9⅝ 98	150	106⅝	106⅞	+⅛	6.99
Federal Natl Mort 7.40 04	1500	100⅛	100⅞	+⅛	7.32
Finland 6¾ 97	3000	100¼	100¾	+⅛	[illegible]
Finnish Export 9⅝ 95	200	103¾	104	+⅛	6.07
Ford Motor Credit 6¼ 98	1500	97⅞	98	+⅛	7.14
Gen Elec Capital 9[illegible] 96	300	105	105½		6.39
GMAC 9⅛ 96	200	103⅞	104	+⅛	6.63
Ind Bk Japan Fin 7⅞ 97	200	102⅛	[illegible]	+⅛	6.98
Inter Amer Dev 7⅜ 96	200	102⅞	102⅞		6.57
[illegible] 23	[illegible]	[illegible]	[illegible]	+⅛	8.89
Japan Dev Bk 8⅞ 01	[illegible]	[illegible]	103½		[illegible]
Kansai Elec Pwr 10 98	[illegible]	[illegible]	105⅞	+⅛	[illegible]
Korea Elec Power 6⅜ 03	1350	[illegible]	87⅜	-⅛	[illegible]
LTCB Fin 8 97	[illegible]	[illegible]	[illegible]	+⅛	[illegible]
Matsushita Elec 7¼ 02	1000	98⅛	[illegible]	+⅛	[illegible]
Norway 7¼ 97	1000	101¾	[illegible]	+⅛	6.50
Ontario 7⅜ 03	3000	98¼	98½	+⅛	7.61
Oster Kontrollbank 8½ 01	200	[illegible]	[illegible]	+⅛	7.33
Petro-Canada 7¼ 96	200	[illegible]	101⅞	+⅛	6.39
[illegible] 5⅞ 03	1000	[illegible]	87⅞	+⅛	7.82
[illegible]	150	106⅞	105⅞	[illegible]	[illegible]
Quebec Prov 9 98	200	105⅞	105⅞	+⅛	[illegible]
Sainsbury 9⅛ 96	[illegible]	[illegible]	[illegible]	+⅛	6.67
[illegible] 10 99	200	107	107⅛		8.05
[illegible] 98	150	108½	108⅞	+⅛	6.97
[illegible] 6⅞ 99	1500	97⅞	97⅞	+⅛	7.12
[illegible] Bk [illegible] 96	[illegible]	[illegible]	[illegible]		[illegible]
Sweden [illegible]	2500	99¼	[illegible]	-⅛	6.08
Swedish Export 8⅞ 96	700	103¼	103½	+⅛	6.24
Tokyo Elec Power 6¼ [illegible]	1000	90⅞	90⅞	+⅛	7.50
Tokyo Metropolis 8¼ 96	200	103½	103⅞		6.51
Toyota Motor 5⅝ [illegible]	1500	[illegible]	98⅜		[illegible]
United Kingdom 7¼ 02	3000	[illegible]	[illegible]	+⅛	7.49
World Bank 6¾ 99	[illegible]	[illegible]	[illegible]	+⅛	7.08
World Bank 8¾ 97	[illegible]	[illegible]	[illegible]	[illegible]	6.44
DEUTSCHE MARK STRAIGHTS					
Austria 6½ 24	2000	86	[illegible]	-⅛	7.71
Credit Foncier 7¼ 98	2000	100⅛	100⅝	-⅛	7.20
Denmark 6⅛ 98	2000	98⅛	98⅝	-⅛	6.27
Depfa Finance 6½ 03	1500	[illegible]	95⅛	-⅛	7.11
Deutsche Bk Fin 7½ 03	2000	101¾	102⅛	-⅛	[illegible]
EEC 6½ 00	2500	98⅛	98½	-⅛	[illegible]
EIB 6¼ 00	1500	[illegible]	[illegible]	-⅛	[illegible]
Finland 7½ 00	3000	102⅛	[illegible]	-⅛	[illegible]
Italy 7¼ 99	5000	102⅛	[illegible]	-⅛	6.54
LKB Baden-Wuert 6⅛ 98	2250	98⅛	98⅝	-⅛	7.39
Norway 6⅛ 98	1500	[illegible]	102	-⅛	[illegible]
Ontario 6¼ 04	1500	92¼	93¼	-⅛	7.33
Spain 7¼ 03	4000	100⅞	100⅞	-⅛	7.20
Sweden 8 97	2500	104⅞	105¼		6.26

	[illegible]	[illegible]	[illegible]	Chg.	[illegible]
United Kingdom 7¼ [illegible]	5500	102¾	102⅞		6.15
Volkswagen Intl Fin 7 03	1000	97⅝	98	-½	[illegible]
World Bank 0 15	2000	20¼	20⅝		[illegible]
World Bank 5⅞ 03	3000	[illegible]	[illegible]	-⅛	7.05
World Bank 8¼ 00	1250	111½	111⅞	-⅛	[illegible]
SWISS FRANC STRAIGHTS					
Asian Dev [illegible] 6 10	[illegible]	[illegible]	[illegible]		[illegible]
Austria 4½ 03	1000	96¼	96⅞	+⅛	[illegible]
Council Europe 4¾ 98	250	100	[illegible]		4.74
Denmark 4¼ 99	1000	97⅞	97½	+⅛	4.83
EIB 6¼ 04	300	107⅛	108	-⅛	5.76
Elec de France 7¼ 06	100	110	111		6.01
Finland 7¼ 99	300	108½	109		5.32
Hyundai Motor Fin 8½ 97	100	[illegible]	[illegible]		[illegible]
Iceland 7⅞ 00	100	[illegible]	[illegible]		5.90
Kobe 6⅞ 01	240	[illegible]	108¼	+⅛	5.37
Ontario 6¼ 03	400	[illegible]	103		5.86
Quebec Hydro 5 08	100	[illegible]	89¼	-⅛	6.11
SNCF 7 04	450	[illegible]	111	+⅛	5.60
World Bank 5 03	[illegible]	99	99½		[illegible]
World Bank 7 01	600	[illegible]	[illegible]	+⅛	[illegible]
YEN STRAIGHTS					
Belgium 5 99	75000	103	103¼	-⅛	[illegible]
EIB 6⅝ 00	100000	110⅛	110½	-⅛	4.61
Finland 6¾ 96	50000	105¾	106		[illegible]
Inter Amer Dev 7¼ 00	30000	[illegible]	[illegible]	-⅛	4.51
Italy 3½ 01	300000	[illegible]	[illegible]	-½	[illegible]
Japan Dev [illegible]	100000	[illegible]	109⅛	-¼	[illegible]
Japan Dev Bk 6½ 01	120000	[illegible]	110¼	-⅛	4.71
Nippon Tel Tel 5⅞ 96	50000	105⅛	105¼	-⅛	[illegible]
Norway 5⅞ 97	[illegible]	[illegible]	104⅛	-⅛	3.85
SNCF 6¼ 00	30000	110⅛	111	-⅛	4.62
Spain 5¼ 02	125000	[illegible]	106	-⅛	[illegible]
Sweden 4⅞ 98	100000	[illegible]	102¼	-⅛	3.99
World Bank 5¼ 02	250000	[illegible]	106½	-⅛	4.77
OTHER STRAIGHTS					
Genfinance Lux 8⅞ 99 LFr	1000	[illegible]	[illegible]		[illegible]
IKB Deut Industrbk 8½ 03 LFr	3000	102⅛	[illegible]		8.11
World Bank 8 [illegible] LFr	1000	101	102		7.32
Bank Voor Ned Gem 7⅞ 02 Fl	1000				
Energie Beheer 8¾ 98 Fl	500				
AlbertaProvince 10⅞ 98 C$	500	[illegible]	[illegible]	+⅛	8.29
Bell Canada 10⅞ 99 C$	150	104⅞	105	+⅛	[illegible]
British Columbia 10 96 C$	500	[illegible]	103	+⅛	8.40
EIB 10⅛ 98 C$	130	105⅞	106	+⅛	8.35
[illegible] 9¾ 99 C$	275	[illegible]	[illegible]	+⅛	9.11
Gen Elec Capital 10 96 C$	300	[illegible]	[illegible]	+¼	8.45
[illegible] Fin 10 01 C$	400	[illegible]	[illegible]	+⅛	[illegible]
Nippon Tel Tel 10¼ 99 C$	200	[illegible]	104⅛	+⅛	9.26
Ontario 8 03 C$	1500	90⅝	91⅛	+⅛	9.80
Ontario Hydro 10⅞ 99 C$	500	[illegible]	106⅛	+⅛	9.30
Oster Kontrollbank 10¼ 99 C$	150	104⅛	[illegible]		[illegible]
Quebec Prov 10½ 98 C$	200	103½	104	+⅛	9.45
Belgium 9¼ 98 Ecu	1250	103⅛	103⅞		[illegible]
Council Europe 9 01 Ecu	1100	103⅞	[illegible]	-⅛	[illegible]
Credit Lyonnais 9 96 Ecu	125	[illegible]	103⅛	+⅛	7.26
EIB 10 97 Ecu	1125	[illegible]	108⅛		7.22
Ferro del Stat 10⅞ 98 Ecu	500	[illegible]	107½		[illegible]
Italy 10⅞ 00 Ecu	1000	112⅛	112½	-¼	8.00
Spain [illegible]	1000	103¼	103⅞		[illegible]
United [illegible] 9⅛ 01 Ecu	2750	[illegible]	[illegible]	-¼	[illegible]
AIDC 10 [illegible] A$	100	103⅛	[illegible]	+1	[illegible]
BP America 12¼ 96 A$	100	[illegible]	[illegible]		[illegible]
Comm Bk Australia 13¼ 99 A$	100	117⅛	117⅞	+⅛	9.32
[illegible] 99 A$	[illegible]	[illegible]	[illegible]	+⅛	[illegible]
NSW Treasury Zero 0 20 A$	1000	9⅞	9⅞	+⅛	9.65
[illegible] 7¾ [illegible]	125	[illegible]	89	+1	[illegible]
State Bk NSW 9 02 A$	300	[illegible]	97¼	+1¼	9.56
Sth Aust Govt Fin 9 02 A$	150	[illegible]	98¼	+1	9.77
Unilever Australia 12 98 A$	150	[illegible]	[illegible]	+½	9.02

	[illegible]	Bid	Offer	Chg.	[illegible]
Abbey Natl Treasury 8 03 £	1000	89⅞	90½	-⅛	9.17
Alliance Leics 11⅞ 97 £	100	107⅞	107⅝	-⅛	[illegible]
British Land 8⅞ 23 £	150	[illegible]	[illegible]	-1	[illegible]
[illegible] 6⅞ 98 £	[illegible]	[illegible]	[illegible]	-⅛	[illegible]
[illegible]	[illegible]	104⅛	104⅝	-⅛	7.96
Halifax 10⅞ 97 £	[illegible]	[illegible]	105½	-¼	8.11
Hanson 10⅜ 97 £	[illegible]	[illegible]	105	-⅛	8.64
HSBC Holdings 11.69 02 £	153	[illegible]	111	-⅛	9.72
Italy 10½ 14 £	400	105⅞	108⅞	-1	9.51
[illegible] Dev Bk 7 00 £	250	[illegible]	[illegible]	-⅛	[illegible]
Land Secs 9½ 07 £	200	99¼	99¾	-⅛	9.59
Ontario 11⅛ 01 £	100	109	109½	-⅛	9.30
Powergen 8⅞ 03 £	250	97⅛	98⅛	-⅛	9.25
Severn Trent 11½ 99 £	150	109¾	110¼	-¼	8.96
Tokyo Elec Power 11 01 £	150	[illegible]	[illegible]	-⅛	9.09
Abbey National 0 96 NZ$	100	[illegible]	[illegible]		8.65
TCNZ Fin 9¼ 02 NZ$	75	101⅞	102⅞		8.90
Credit Local 6 01 FFr	7000	92⅞	92⅝	-⅛	7.38
Elec de France 8¾ 22 FFr	3000	106½	107	-1¼	8.15
SNCF 9¼ 97 FFr	4000	105⅞	105¼	-⅛	6.76

FLOATING RATE NOTES

	Issued	Bid	Offer	C.cpn
Abbey Natl Treasury -1/16 99	1000	99.23	99.33	4.6000
Banco Roma 0 99	200	99.83	100.01	4.7812
Belgium 1/16 97 DM	[illegible]	100.12	[illegible]	[illegible]
BFCE -0.02 98	[illegible]	[illegible]	99.86	4.7300
Britannia 0.10 96 £	150	99.90	100.00	5.4125
Canada -⅛ 99	2000	[illegible]	99.24	[illegible]
CCCE 0 06 Ecu	200	[illegible]	[illegible]	[illegible]
Credit Lyonnais 1/16 00	[illegible]	[illegible]	98.19	[illegible]
Denmark -⅛ 96	1000	[illegible]	99.36	3.7500
Dresdner Finance 1/16 98 DM	1000	[illegible]	[illegible]	[illegible]
Ferro del Stat 0.10 97	[illegible]	[illegible]	[illegible]	[illegible]
Finland 0 97	1000	99.95	100.04	5.3750
Ireland 0 98	300	[illegible]	[illegible]	[illegible]
Italy ¼ 98	2000	100.23	100.32	5.0000
LKB Baden-Wuert Fin -⅛ 98	1000	[illegible]	99.51	4.5625
Lloyds Bank Perp [illegible]	600	83.00	84.20	[illegible]
Malaysia 1/16 05	650	[illegible]	[illegible]	5.2500
New Zealand -⅛ 99	1000	[illegible]	[illegible]	[illegible]
Ontario 0 99	2000	[illegible]	99.42	[illegible]
Renfe 0 98	500	[illegible]	[illegible]	[illegible]
Societe Generale 0 98	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Berlin -0.05 98 DM	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	5.1125
Sweden 0 98	1500	[illegible]	100.04	4.6250
Sweden -⅛ 01	2000	[illegible]	98.98	[illegible]
[illegible] Kingdom -⅛ 96	4000	99.80	99.88	4.5000

CONVERTIBLE BONDS

	[illegible]	Conv. [illegible]	Bid	Offer	Prem.
Browning-Ferris 6¾ 05	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chubb [illegible]	250	65	102	103	[illegible]
Gold Kalgoorlie 7½ 00	65	1.0554	111	112¼	+38.27
Hanson 9½ 06 £	500	2.5875	111½	112¼	+9.67
Hanson America 2.39 01	1000		75	76	
Hawley Pref 6 02	450	18.1	134	136¼	
Land Secs 6¾ 02 £	84	[illegible]	99⅛	100⅝	-0.58
Lasmo 7¾ 05 £	90	[illegible]	[illegible]	[illegible]	
Mitsui Bank 2⅝ 03	200	2332.6	80½	82½	[illegible]
Mount Isa Fin 6½ 97	[illegible]	[illegible]	103⅜	104⅜	[illegible]
Natl Power 6¼ 08 £	250	[illegible]	114⅛	116⅛	[illegible]
Ogden 6 02	85	39.077	89	90	[illegible]
Pennzoil 4¾ 03	500	[illegible]	90⅛	92	[illegible]
Sumitomo Bank 3⅛ 04	300	3606.9	84⅛	85¼	+16.84
Sun Alliance 7¼ 08 £	155	3.9	[illegible]	[illegible]	+19.70
Tesco Capital 9 05 £	200	2.51	116⅛	118⅜	[illegible]
Texas Instruments 2¾ 02	300	82⅞	102¼	103¼	[illegible]

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
Shorts" (Lives up to Five Years)							
Exch 12¼pc 1994		12.42	4.91	100[illegible]xd	—	104[illegible]	100[illegible]
Treas 9pc 1994‡‡		8.81	[illegible]	101	—	[illegible]	100[illegible]
12pc 1995		11.66	5.65	102[illegible]	—	[illegible]	[illegible]
Exch 3pc Gas 90-95		3.05	[illegible]	[illegible]	—	[illegible]	97¼
10¼pc 1995		9.89	[illegible]	[illegible]	—	[illegible]	103[illegible]
Treas 12¾pc 1995‡‡		11.87	6.63	[illegible]	-[illegible]	113[illegible]	[illegible]
14pc 1996		12.75	[illegible]	109[illegible]	-[illegible]	117[illegible]	109[illegible]
15¼pc 1996‡‡		13.48	[illegible]	113[illegible]	-[illegible]	121[illegible]	113
Exch 13¼pc 1996‡‡		12.04	7.14	110[illegible]	-[illegible]	117[illegible]	[illegible]
Conversion 10pc 1996		9.50	[illegible]	105[illegible]	-[illegible]	112[illegible]	104[illegible]
Treas Cnv 7pc 1997‡‡		7.08	[illegible]	98[illegible]xd	-[illegible]	100[illegible]	98[illegible]
Treas 13¼pc 1997‡‡		11.78	7.80	[illegible]	-[illegible]	121[illegible]	111[illegible]
Exch 10½pc 1997		9.57	[illegible]	[illegible]	-[illegible]	114[illegible]	105[illegible]
Treas 8¾pc 1997‡‡		8.55	7.80	102[illegible]xd	-[illegible]	110[illegible]	101[illegible]
Exch 15pc 1997		12.55	8.03	119½	-[illegible]	131[illegible]	119[illegible]
9¾pc 1998		9.29	8.09	104[illegible]	-[illegible]	114[illegible]	104[illegible]
Treas 7¼pc 1998‡‡		7.44	8.07	97½	-[illegible]	106[illegible]	95[illegible]
Treas 6¾pc 1995-98‡‡		7.05	8.10	95[illegible]	-[illegible]	[illegible]	94[illegible]
14pc '98-1		11.86	8.35	[illegible]	-[illegible]	131[illegible]	117¼
Treas 15½pc '98‡‡		12.38	[illegible]	[illegible]	-[illegible]	140[illegible]	124[illegible]
Exch 12pc 1998		10.62	8.33	113	-[illegible]	125[illegible]	[illegible]
Treas 9½pc 1999‡‡		9.09	8.28	104[illegible]	-[illegible]	118[illegible]	103[illegible]
Five to Fifteen Years							
Exch 12¼pc 1999		10.70	[illegible]	114[illegible]	-[illegible]	128[illegible]	113[illegible]
Treas 10½pc 1999		9.69	[illegible]	108[illegible]	-[illegible]	121[illegible]	108[illegible]
Treas 6pc 1999 ‡‡		6.57	8.17	91[illegible]xd	-[illegible]	101[illegible]	89[illegible]
Conversion 10¼pc 1999		9.53	8.39	[illegible]	-[illegible]	121[illegible]	105[illegible]
Treas [illegible] Rate '99		-	-	-	—	100[illegible]	99[illegible]
9pc 2000‡‡		8.79	8.43	102[illegible]xd	-[illegible]	118[illegible]	101[illegible]
Treas 13pc 2000		10.82	8.61	120[illegible]	-[illegible]	139[illegible]	118[illegible]
10pc 2001		9.56	8.62	104[illegible]xd	-[illegible]	122[illegible]	104[illegible]
7pc '01 ‡‡		7.59	8.42	92[illegible]	-[illegible]	106[illegible]	90[illegible]
7pc '01 A		7.60	8.46	92[illegible]	-[illegible]	101[illegible]	89[illegible]
9¾pc 2002		9.17	8.66	104[illegible]xd	-[illegible]	123[illegible]	103[illegible]
8pc 2003‡‡		8.29	8.64	96[illegible]	-[illegible]	113[illegible]	94[illegible]
10pc 2003		9.21	8.54	108[illegible]xd	-[illegible]	127[illegible]	108[illegible]
Treas 11½pc 2001-4		[illegible]	8.91	[illegible]	-[illegible]	129[illegible]	110[illegible]
Funding 3½pc '99-4		[illegible]	7.39	[illegible]	-[illegible]	86[illegible]	71[illegible]
Conversion 9½pc 2004		8.93	8.56	106[illegible]	-[illegible]	[illegible]	[illegible]
Treas 6¾pc 2004‡‡		[illegible]	8.41	89[illegible]	-[illegible]	105[illegible]	85[illegible]
Conv 9½pc 2005		[illegible]	[illegible]	109[illegible]	-[illegible]	125½	[illegible]
Treas 12½pc 2003-5		10.20	8.96	122[illegible]	-[illegible]	143[illegible]	119[illegible]
7¾pc 2006‡‡		8.19	8.49	94[illegible]xd	-[illegible]	112[illegible]	91½
8pc 2002-6‡‡		8.36	[illegible]	[illegible]	-[illegible]	111[illegible]	93[illegible]
Treas 11¾pc 2003-7		10.07	[illegible]	[illegible]	-[illegible]	138[illegible]	[illegible]
Treas 8½pc 2007 ‡‡		8.50	8.59	100[illegible]	-[illegible]	119[illegible]	[illegible]
13½pc '04-8		[illegible]	[illegible]	[illegible]	-[illegible]	151[illegible]	[illegible]
Treas 9pc [illegible]		[illegible]	8.47	106[illegible]	-[illegible]	124[illegible]	[illegible]
Over Fifteen Years							
Treas 8pc 2009		[illegible]	[illegible]	95[illegible]	-[illegible]	115[illegible]	93
Treas 6 1/4pc 2010		[illegible]	[illegible]	81[illegible]	-[illegible]	98[illegible]	[illegible]
Conv 9pc Ln 2011 ‡‡		[illegible]	8.44	[illegible]	-1[illegible]	126[illegible]	101[illegible]
Treas 9pc 2012‡‡		[illegible]	8.43	105[illegible]xd	-[illegible]	[illegible]	101[illegible]
Treas 5½pc 2008-12‡‡		7.28	8.18	75[illegible]xd	—	[illegible]	73[illegible]
Treas 8pc 2013‡‡		[illegible]	8.36	95[illegible]	-1	[illegible]	[illegible]
7¾pc 2012-15‡‡		8.22	8.36	94[illegible]	-1[illegible]	114[illegible]	[illegible]
Treas 8¾pc 2017‡‡		8.41	[illegible]	[illegible]	-[illegible]	[illegible]	[illegible]
Exch 12pc '13-'17		[illegible]	[illegible]	132[illegible]	-[illegible]	159[illegible]	[illegible]
Undated							
Consols 4pc		8.60	-	46½	-[illegible]	59[illegible]	44[illegible]
War Loan 3½pc‡‡		8.36	-	41[illegible]	-[illegible]	54[illegible]	39[illegible]
Conv 3½pc '61 Aft.		6.88	-	[illegible]	+[illegible]	71	[illegible]
Treas 3pc '66 Aft.		8.35	-	35[illegible]	+[illegible]	44[illegible]	33[illegible]
Consols 2½pc		8.21	-	30[illegible]	—	39[illegible]	28[illegible]
Treas. 2½pc		8.41	-	29[illegible]	—	37[illegible]	27[illegible]

[illegible]	Notes	Yield (1)	Yield (2)	Price £	+ or -	[illegible]	Low
2pc '96	(67.9)	2.80	[illegible]	[illegible]	+[illegible]	200[illegible]	197[illegible]
4⅝pc '98‡‡	(135.6)	2.56	3.13	107	+[illegible]	113[illegible]	[illegible]
2[illegible]pc '01	(78.3)	3.49	[illegible]	164[illegible]	-[illegible]	[illegible]	[illegible]
2[illegible] '03	[illegible]	[illegible]	[illegible]	[illegible]	-[illegible]	173[illegible]	[illegible]
4[illegible]pc '04‡‡	(135.6)	3.55	3.59	[illegible]	-[illegible]	116[illegible]	[illegible]
2pc '06	(69.5)	3.61	[illegible]	[illegible]	-[illegible]	[illegible]	165[illegible]
2½pc '09	(78.8)	3.67	3.69	151[illegible]	—	[illegible]	148[illegible]
2½pc '11	(74.6)	[illegible]	[illegible]	[illegible]	+[illegible]	[illegible]	[illegible]
[illegible] '13	(89.2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] '16	(81.6)	[illegible]	[illegible]	138[illegible]	-[illegible]	[illegible]	[illegible]
[illegible] '20	(83.0)	3.77	[illegible]	131[illegible]	-[illegible]	[illegible]	128[illegible]
2½pc '24‡‡	(97.7)	3.76	[illegible]	[illegible]	-[illegible]	[illegible]	109[illegible]
4[illegible]pc '30‡‡	(135.1)	3.76	3.82	108[illegible]	-[illegible]	[illegible]	105[illegible]

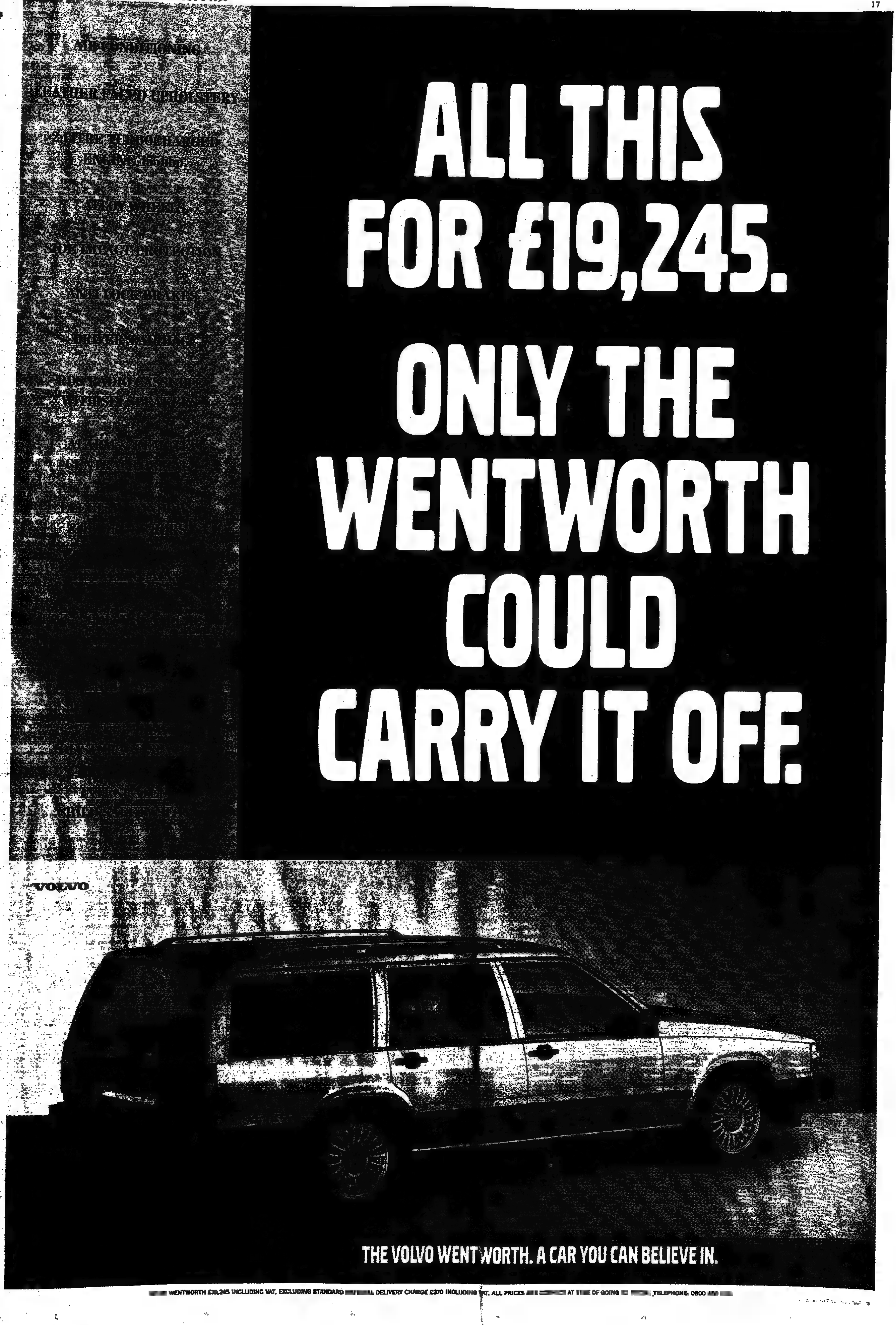
Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for November 1993: 141.6 and for June 1994: 144.7.

Other Fixed Interest

[illegible]	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
African Dev 11¼ 2010	9.34	8.82	119[illegible]	-[illegible]	142[illegible]	116[illegible]
Asian Dev 10¼pc 2009	[illegible]	[illegible]	111[illegible]	-[illegible]	139[illegible]	109[illegible]
B'ham 11½pc 2012	[illegible]	9.85	120½	—	142	115
Ireland Cap 8½pc '10	[illegible]	-	100	—	116½	99½
9pc Cap 1996	[illegible]	-	101[illegible]	+[illegible]	103½	100
13pc '97-2	11.82	-	110	—	115[illegible]	[illegible]
Hydro Quebec 15pc 2011	[illegible]	9.71	143[illegible]	-[illegible]	[illegible]	139[illegible]
Leeds 13½pc 2006	[illegible]	-	129[illegible]	—	[illegible]	125½
Liverpool 3½pc Irred.	9.33	-	37½	—	[illegible]	33¼
LCC 3pc '20 Aft.	9.09	-	33	—	40[illegible]	28[illegible]
Manchester 11½pc 2007	9.85	[illegible]	116[illegible]	—	136[illegible]	112
Met. Wtr. 3pc 'B'	4.29	-	70	—	78	69½
N'wide Anglia 3¾pc 2021	-	4.48	122½	—	160¼	[illegible]
4¼pc IL 2024	-	4.46	127½	—	145[illegible]	[illegible]
Utd Mex States 16½pc 2008	12.04	-	[illegible]	—	159½	[illegible]

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

مطابقة الأصل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Kleinwort Benson up at £46m

By Norma Cohen, Investments Correspondent

Kleinwort Benson, the UK-based merchant bank, reported pre-tax profits up from £42.2m to [redacted] in the half year to June 30 despite turbulent trading conditions which cut dealing profits by nearly 60 per cent.

The drop in dealing profits was more than offset by a 42 per cent rise in net fee and commission income which rose from £104.2m to £147.7m.

Lord Rockley, chairman, said "Earnings were very resilient considering conditions in the first half."

He said that the growth in fee and commission income was a reflection of a management reorganisation which emphasised the development of [redacted] equity distribution capacity and corporate broking strengths in [redacted] industry [redacted] ments. As a result, KB was winning far more of the mandates for corporate advisory, underwriting and merger and acquisition business than it had been previously.

Mr Simon Robertson, deputy chairman, said: "We are very pleased with the high proportion of the mandates we are winning [redacted] the competition and [redacted] was not [redacted] case one or [redacted] ago." [redacted] KB had won [redacted] 80 per [redacted] the [redacted] had presented for this [redacted] although he warned that many of [redacted] had not yet materialised and [redacted] several might [redacted]

In the [redacted] ment division, profits rose from [redacted] £19.6m, reflecting growth in private banking and in specialist Treasury fund management.

Also, a new US-based fixed-income team hired in the mid-

Lord Rockley: feeling benefits of management reorganisation

[redacted] built up [redacted] under management there of $3.6bn (£2.32bn) from a negligible amount a year ago. Total [redacted] under [redacted] £19bn, with net new [redacted] including [redacted] European [redacted] and £1.5bn in new institutional funds from North American clients.

European profits, which were undermined by the sharp drop in dealing income, fell from £376.7m [redacted]

North American profits, however, nearly doubled, reflecting [redacted] growth in fee and commission [redacted] to £37.2m (£14.2m).

[redacted] Rockley [redacted] while [redacted] businesses [redacted] the [redacted] in North America, profits were particularly aided by the increasing appetite of US pension funds for foreign equities and bonds. Most [redacted] US [redacted] aimed [redacted] distribution [redacted] of non-US [redacted]

The interim dividend is 6.75p (6p), payable from earnings per share of 24.9p (24.1p).

See Lex

Kleinwort European raises £234m

By Scheherazade [redacted]

Kleinwort European [redacted] Trust [redacted] more than [redacted] in the [redacted] call on its [redacted] despite widespread [redacted] that private investors, who [redacted] losses [redacted] the launch, might not subscribe.

The figure is about 94 per cent of the amount payable through the final instalment on the trust's ordinary shares.

The second 50p instalment was due on August 1 but Kleinwort will continue to accept late payment for "a limited period," the length [redacted] which it has not yet stipulated. Reminders will be sent out on Tuesday to those of its the 85,000 investors who have not responded.

The trust, which raised £500m when it was launched in February, was oversubscribed by a record £380m. [redacted] 81½p yesterday, up 1½p, [redacted] pared with a net asset value of 94.1p. The warrants closed at 30.5p.

Taken together, those who hold [redacted] package of shares and warrants have seen a fall of about 12.4 per cent from the original price. The trust has underperformed the FT-A Europe Index by 15 per cent.

The trust, which had traded at a premium, is now trading at a small discount. Mr Simon White, director, attributed this to weak markets since launch and to the trust's "less stable" shareholder base, in a reference to those who bought shares in the hope of making a quick gain. "You only need a small number of sellers wanting to stag profits for the discount to widen," he said.

RBS buys NatWest's share registrar

By Norma Cohen, [redacted] Correspondent

Royal Bank of [redacted] buying the share registration [redacted] of National [redacted] ster Bank in a move which will make it [redacted] UK's second largest registrar with 25 per cent of the total market.

[redacted] purchase [redacted] UK share registrars face requirements for significant investments in technology in order to [redacted] the requirements [redacted] Crest, the Bank [redacted] England-sponsored system for paperless share settlements.

Share registrars have [redacted] a large portion [redacted] blame [redacted] the failure [redacted] Taurus paperless [redacted] ment system in March 1993 and the Bank of England is insisting on tough performance criteria for registrars in Crest.

[redacted] has proposed fines for registrars who do not swiftly handle client transactions.

Yesterday, NatWest insisted that the decision to sell the registrar business, which registers the shares of 430 companies for 6.3m shareholders, was "not at all connected with the requirements of Crest".

The share registration business was not earning the desired return on capital, it said.

In a statement, Mr Derek Wanless, NatWest's chief [redacted] utive, said: "Following an in-depth review we have concluded [redacted] while [redacted] producing [redacted] not fit [redacted] gic objective."

The value of the transaction was not disclosed but the book value of the assets sold is £3.89m.

NatWest employs about 550 staff in its share registration business while Royal Bank employs about 330. Royal Bank [redacted] it did not expect [redacted] any [redacted] when [redacted] operations were merged.

CRH buys four US businesses for $66m

By Caroline Southey

CRH, [redacted] Dublin-based inter[redacted] construction and building materials group, announced yesterday it had made four acquisitions in the north-eastern US for $66.4m (£42.8m) cash.

Mr Tom Hill, president of [redacted] US materials [redacted] said the acquisitions would strengthen the market position of the division [redacted] York and Pennsylvania and extend its operations into Connecticut and Massachusetts.

The most significant of the acquisitions is Balf, a Connecticut-based producer of aggregates and asphalt. Also acquired are Keating, which operates two quarries and three asphalt plants in Massachusetts; Lebanon Rock, which operates a dolomite quarry in Pennsylvania; and Sullivan Lafarge, comprising two quarries and five asphalt plants in southern New York state.

The acquisitions produced 1.4m tons of aggregates and 1.5m tons of asphalt in 1993.

The enlarged US materials group will have some 65 operating locations in seven north-eastern states with nearly 100 plants.

Surplus assets from the acquisitions are expected to realise $10m, and the consideration includes assumed debt. No goodwill arises.

CRH raised I£147m in a rights issue last September, substantially improving its balance sheet. Net year-end borrowings were brought down to I£66.6m leaving it with gearing of 11 per cent, against 47 per cent a year earlier.

Allied Irish interested in buying UK building society

By John Gapper, Banking Editor

Allied Irish Banks yesterday signalled its interest in either buying a UK building society or adding to its US retail bank, as it disclosed a 13.6 per cent rise in half-year pre-tax profits to from I£142.3m to I£161.7m (£159.6m).

It said it wanted to buy an institution with between $2bn and $3bn of assets in the UK or US. "Our pool of capital would allow us to move quickly without upsetting our shareholders," said Mr Neil Dean, chief financial officer.

Mr Hugh Feeley, general manager for Britain, said that the purchase of a building society would give AIB a stronger UK brand name, and would allow it to use I£1bn surplus retail deposits from Northern Ireland and the Isle of Man.

The bank raised its interim dividend by 12 per cent to 4.6p (4.1p). Earnings per share rose by only 5.3 per cent to 14p (13.3p) due to dilution from US preference share issues by it and First Maryland Bancorp, the US subsidiary.

Income was flat at I£599.7m (I£600m); falling 1.9 per cent at constant exchange rates, and expenses rose by 6.4 per cent to I£393.5m (I£370m). But provisions for bad and doubtful [redacted] fell by 42 [redacted] cent to I£43.3m (I£75.7m).

The recovery in Ireland started to produce higher loan demand, with total loans and advances to customers rising by 1.7 per cent to I£11.8bn. But this was offset by a narrowing of the net interest margin to 4.12 per cent (4.49 per cent).

Mr Dean said Irish loans were now growing at an annualised rate of 10 per cent, a trend it expected to be sustained. "It augurs [redacted] well for growth in Ireland, while the UK is not yet at the starting gates of loan growth," he said.

Income from sources other than lending fell [redacted] I£185.3m (I£191.1m), with growth in fees partly offsetting a I£15m [redacted] (I£26m profit) on securities and foreign exchange dealing when it wrongly anticipated falls in European interest rates.

Capital [redacted] strengthened to a 5.1 ratio of equity to [redacted] (4.6 per cent), and a tier 1 ratio of core capital to risk-weighted assets of 8.1 per cent (7.1 per cent). Mr Dean said [redacted] bank did not consider itself over-capitalised.

● **COMMENT**

AIB's home market has solid loan growth and low inflation, a position UK clearing banks might envy. It is pinning its hopes on income growth – perhaps augmented by acquisition – rather than cost control. Having solved UK problems, it has potential in all its main markets. But the net income fall in the first half shows how margin pressures can offset volume growth. The risk of a poor acquisition is also to be borne in mind. The shares closed at 261p, giving a prospective multiple of about 8. That is not expensive for a bank with growth prospects, even if it is verging on the over-ambitious.

BTP in agreed £12.6m German acquisition

BTP, the speciality chemicals group, has conditionally agreed to acquire [redacted] Industriekiebstoffe, a [redacted] business, [redacted] DM30.6m (£12.6m) cash.

Mydrin, BTP's subsidiary, has entered into the agreement with Scheidemandel, a subsidiary of Deutsche Gelatine.

Some DM15.5m of the purchase price is to be paid on completion, which is expected to be on August 31.

The remainder is due in four instalments between April 1 1995 and August 31 1996.

AGS has net assets of DM24.7m and no borrowings.

In 1993 sales amounted to DM36.6m and the loss before tax and interest totalled DM3.3m.

In the year to March 31, BTP beat City expectations with a 48 per cent jump in annual pre-tax profits, from £20.5m to £30.3m.

BTP's share price yesterday added 7p to 324p.

Decline to £4.8m at Crest Packaging

By Caroline Southey

Crest Packaging, which came to the market last October, yesterday reported pre-tax profits of £4.8m for the year to April 30.

The comparison with 1993 was complicated by an exceptional gain of £12.7m on the sale of property, which produced a pre-tax figure of £17.6m. Profits before exceptional items fell from £4.9m to £4.6m.

The flexible packaging division was affected by site reorganisation, while the installation of a new production line affected the carton division.

Turnover rose by 3 per cent, from £41.8m to £43m, helped by the flexible packaging division. This produced profits of £3.5m (£3.3m) on turnover up 8 per cent at £27.5m (£25.5m).

Pressure on margins reduced profits in the carton division from £1.37m to £1.11m on lower sales of £15.5m (£16.3m).

Mr Rodney Webb, managing director, said raw material prices, which account for 50 per cent of overall costs, were rising. The increase "would be passed on to customers".

Earnings per share before exceptional items increased from 8p to 9.2p. Basic earnings fell from 30.7p to 9.1p.

A final dividend of 2.75p is recommended, compared with a notional 2.43p.

Monarch makes Argentinian gold investment

By Kenneth Gooding, Mining Correspondent

Monarch Resources, [redacted] UK-listed company with gold mining and exploration [redacted] in [redacted] signed [redacted] first [redacted] that country.

It will pay $275,000 (£177,000) to earn 51 per cent of the Gualilan gold properties in the San Juan province of Argentina. Subject to due diligence, Monarch must complete $2m of work on the properties over four years to earn its interest.

It will also take over a purchase option agreement amounting to $420,000 which lasts until October 1996, but this may be credited against Monarch's annual work commitment obligations.

It is also entering into a $1m purchase option agreement, over mineral rights at the Tuna 1 concession in the El Dorado district of Bolivar State, Venezuela, near Monarch's La Comorra mine.

Restructured GM Firth reduces deficit to £1.98m

GM Firth (Holdings), [redacted] engineering company, yesterday announced [redacted] pre-tax [redacted] £1.98m for the year to March 31, down from £5.99m previously.

This year's result was after charging exceptional items and provisions totalling £872,000. The largest item was £530,000 for potential costs in respect of a leased property formerly occupied by a [redacted] activity.

During the year the company concentrated on shedding lossmaking [redacted] in [redacted] for a capital injection. This followed earlier this year in the form [redacted] a £4m rights issue.

Sales in the 12 months [redacted] continuing activities came [redacted] (£21.2m).

[redacted] interest [redacted] declined [redacted] £272,000 (£880,000). [redacted] per share fell [redacted] 3.97p (11.43p).

NEWS DIGEST

Abbey moves up to I£8m

Abbey, the housebuilder in Ireland and the UK, saw a sub[redacted] rise in pre-tax profit [redacted] I£2.65m [redacted] I£8.14m [redacted] for the [redacted] April 30.

Turnover increased 22 [redacted] cent from I£38.8m to I£47.2m, benefiting from strong market conditions in the [redacted] of England.

The company said sales were expected from its Monkstown development in the [redacted] half of [redacted] current year. [redacted] bought about 500 plots in [redacted] Wicklow, and [redacted] had acquired an investment property in Dublin [redacted] I£3.5m with an initial yield of 9.1 per cent.

Earnings per share were 14.52p (4.06p), and a final dividend of 3p brings the total for the year to 5p (2p).

Westport tumbles to £448,000 deficit

[redacted] of [redacted] pre-tax were announced by Westport Group, [redacted] USM-quoted exhibition, photographic [redacted] and [redacted] keting specialist, for [redacted] to April [redacted] Last time [redacted] profits [redacted] £8,000.

There were operating [redacted] continuing [redacted] (£21,000 profits) [redacted] £14.3m (£15m).

Mr [redacted] Kanter, chairman, [redacted] group's [redacted] T&S Lightbox and [redacted] could [redacted] in spite [redacted] difficult market [redacted] ditions, and [redacted] expected [redacted] companies [redacted] do well in [redacted]

However, organic growth had been [redacted] by [redacted] in Fox Display [redacted] Studios, [redacted]

[redacted] per [redacted] at 0.4p (0.1p earnings).

Anglo & Overseas net assets at 472.8p

Anglo [redacted] Overseas Trust had at [redacted] value [redacted] share [redacted] June 30, [redacted] from [redacted] the [redacted] The value [redacted] end-June 1993 was 427.1p.

The [redacted] Grenfell-man[redacted] reported net [redacted] nue of £3.79m for the six-month period, down from [redacted] time.

The interim dividend is maintained [redacted] 1.75p, payable from earnings of 3.28p [redacted] per share.

Emerging Markets Trust seeks £24m

The Emerging Markets Country Investment Trust aims to [redacted] £24m in a conversion share issue. The placing, made [redacted] August 1, [redacted] on or before September 6.

City of London, the investment manager, [redacted] placing [redacted] at [redacted] professional investors and institutional investors.

Expenses of the issue will be capped at 3.75 per cent.

Trading in shares of the investment trust, which was created through the conversion of units in the emerging markets unit trust run by City of London Investment management, started last week.

DIVIDENDS ANNOUNCED

	Current payment	[redacted] of [redacted]	Corres - ponding [redacted]	[redacted] for [redacted]	Total [redacted] [redacted]
Abbey ......fin	3‡	Oct 3	2	[redacted]	2
Allied Irish ......int	4.6‡	Oct 11	4.1	-	9.75
Anglo & Overseas ......int	1.75	[redacted]	1.75	-	[redacted]
Crest Packaging ......fin	2.75	Oct 2	-	[redacted]	-
Finsbury Smaller ......int	1.2†	[redacted]	1.1	-	[redacted]
Glynwed Intl ......int	4.15	Dec 7	4.15	-	11.65
Kleinwort Benson ......int	6.75	Oct 17	[redacted]	-	[redacted]
Rotork ......int	1.9	[redacted]	1.75	-	4.25
TI ......int	4.05	[redacted] 14	3.85	-	11.25
Williamson Tea ......fin	15	[redacted] 5	12.5	25	[redacted]
Zeneca ......int	10.75	[redacted] 7	10.5	-	[redacted]

Dividends shown pence per share net. †On increased capital. §USM stock. ‡Irish pence. [redacted] special interim of 0.7p.

Zeneca proves its critics wrong

By Paul Abrahams and Krishna Guha

Mr John Mayo, Zeneca's finance director, was beaming even more than usual yesterday. Partly it was because he had the opportunity to boast how last year he had timed two $300m (£195m) Yankee bonds at 6.4 per cent and 7 per cent within weeks of the bottom of the market.

His cheeriness was also because he believed his much-criticised plan to bundle Imperial Chemical Industries' agrochemicals and speciality business with the drugs division had been justified by the group's latest figures.

Much of the 17 per cent rise in operating profits was due to the previously unfashionable agrochemicals and seeds division. Profits rose 45 per cent from £85m to £123m on sales up 8 per cent at £893m (£825m).

"Our agrochemicals business [redacted] having a highly successful year. In 1993 nearly all that could go wrong did go wrong. The reverse is true in 1994," said Mr David Barnes, chief executive.

Mr Alan Pink, chief execu[redacted] agrochemicals and seeds, said: "We've benefited from a combination of cost-cutting and a rising [redacted] line." [redacted] were up 11 [redacted] from £726m to [redacted]

The [redacted] had been [redacted] by [redacted] product launches which had helped win market share, particularly in the US. The [redacted] American market [redacted] also up, driven [redacted] wet [redacted] 8 [redacted] cent increase [redacted] planted. North American [redacted] per cent at [redacted] (£234m).

Latin America sales [redacted] 23 [redacted] cent to £75m, [redacted] the region [redacted] benefit from the GATT Uruguay round. Asia-Pacific sales were up 14 per cent to £111m.

Lydia van der Meer

David Barnes: particularly pleased with the success of the agrochemicals and seeds business

In Europe, the effects of the Common Agricultural Policy reforms in 1992 had worked their way out, said Mr Pink. Sales were virtually static at £294m. Sales at the seeds business, troubled by difficulties in eastern Europe, were down 13 per cent at £86m (£99m).

In contrast to agrochemicals, the drugs division was more mundane. Mr Barnes said the pharmaceuticals industry was in a period of unprecedented change, but against that demanding background the business had growing sales and trading profit.

Operating profits from the ongoing drugs business were up 7 per cent from £299m to £320m, boosted by a strong performance in Europe. Group sales were up 6 per cent from £924m to £976m. Underlying growth was 7 per cent, but prices fell 1 percentage point.

Sales of Zestril, Zeneca's top-selling product, increased 14 per cent from £208m to £238m. However, the drug's sales growth in the US was disappointing at only 5 per cent. Although prescription volumes were 15 per cent, and the heart drug continues to gain market share, it suffered price competition from Merck's Vasotec.

Tenormin, formerly Zeneca's biggest drug whose US patents have expired, continued to suffer a deterioration in sales, down 9 per cent from £242m to £221m. Sales of Nolvadex, the cancer treatment were static at £174m (£175m).

[redacted] products, such as Diprivan, the anaesthetic, and Zoladex, [redacted] cancer [redacted] ment, continued to grow, up 25 per cent at £119m and 31 per cent at £92m respectively.

The specialities division, renowned for its low margins, reported a "steady recovery" with trading profits up 11 per cent from £35m to £39m on virtually static sales at £521m (£519m). However, Mr Mayo said the coatings business achieved good results. Sales by the Stahl coatings operations were up 1 per cent at £96m, while the resins operations rose 10 per cent to £86m.

Textile colour sales were static at £115m; industrial colours rose 13 per cent to £54m; other organic chemicals were up 2 per cent at £101m. Sales of biological products, such as the meat substitute Quorn, were up 17 per cent at £14m, partly thanks to a national advertising campaign in the UK.

Prices for electricity determined for [redacted] purposes of the electricity pooling [redacted] settlement arrangements in England and Wales.

[illegible] hour	Provisional Price by Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
[illegible]	10.66	17.34	20.08
[illegible]	9.90	10.05	10.05
[illegible]	9.90	9.90	9.90
[illegible]	9.90	9.90	9.90
[illegible]	9.90	9.90	9.90
[illegible]	9.90	9.90	9.90
[illegible]	9.90	9.90	9.90
[illegible]	9.90	9.90	9.90
[illegible]	9.90	9.90	9.90
[illegible]	9.90	9.90	9.90
[illegible]	8.80	10.49	10.49
[illegible]	8.81	11.62	14.36
[illegible]	8.81	17.28	20.14
[illegible]	[illegible]	22.46	25.21
[illegible]	[illegible]	22.83	25.39
[illegible]	[illegible]	24.81	27.37
[illegible]	[illegible]	24.86	27.45
[illegible]	[illegible]	30.44	33.27
[illegible]	[illegible]	25.84	28.53
[illegible]	[illegible]	32.32	35.25
[illegible]	[illegible]	32.37	35.31
[illegible]	[illegible]	32.37	35.32
[illegible]	[illegible]	32.46	35.43
[illegible]	[illegible]	47.68	50.81
[illegible]	19.66	47.48	50.82
[illegible]	18.88	38.46	41.33
[illegible]	19.64	31.84	34.04
[illegible]	17.76	30.25	33.03
[illegible]	17.44	24.82	27.38
[illegible]	17.44	24.60	27.37
[illegible]	16.91	24.60	27.35
[illegible]	16.91	24.60	27.36
[illegible]	16.91	27.84	29.81
[illegible]	16.91	28.53	32.30
[illegible]	16.91	28.58	32.29
[illegible]	16.91	27.88	29.79
[illegible]	16.69	24.59	27.34
[illegible]	16.69	23.96	26.71
[illegible]	14.69	23.96	26.71
[illegible]	16.65	22.74	26.49
[illegible]	10.82	32.45	28.27
[illegible]	13.65	24.98	27.34
[illegible]	22.50	24.58	27.34
[illegible]	22.30	24.58	27.34
[illegible]	22.30	24.58	27.34
[illegible]	16.16	24.58	27.34
[illegible]	13.23	24.58	27.34
[illegible]	12.36	17.42	20.18

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. [illegible] Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. [illegible]

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مكتبة الأصل

Glynwed ahead 59% and sees fresh growth

By Paul Cheeseright, Midlands Correspondent

Glynwed International, the diversified engineering group, lifted first half pre-tax profits by 59 per cent as five of its six main operating divisions [illegible] an [illegible] at the operating level.

Pre-tax profits [illegible] the [illegible] [illegible] June [illegible] were £29.1m, compared with [illegible]. Group turnover was 2.8 per cent higher at £489.6m, but operating profits climbed 37 per cent to £32.7m (£23.9m).

"There is a lot of growth still to come. The economic background is good," said Mr Gareth Davies, chairman. "There is no reason why economic growth and Glynwed's growth should not continue."

Promises of further growth helped to boost the shares by a further [illegible] to 390p yesterday, after [illegible] [illegible] day this week.

Mr Bruce Ralph, chief executive, attributed the fact that profits grew faster than sales to some increase in product volumes but as much to cost-cutting and product introductions.

Earnings per share rose from 5.73p to 9.16p, but the interim dividend is held at 4.15p. "We will leave it to the final to make an appropriate increase," said Mr Davies. Payments for 1993 totalled 11.65p for the fifth consecutive year.

Sales per employee were running at a higher level than the previous peak in 1989. The return on capital for the group rose during the first half to 24.6 per cent, against 15.5 per cent in 1993.

The problem division for Glynwed, however, is tubes and fi[illegible] [illegible] operating losses rose [illegible] £100,000 to £1.9m. The [illegible] has [illegible] commissioning a new copper tube mill [illegible] margins have been tiny and the divisional management is seeking cost reductions. The division will not make a profit this year, Mr Ralph said.

The consumer products business, including Leisure sinks, Aga-Rayburn stoves and Flavel-Leisure cookers, lifted profits by 27 per cent, while the foundry products, metals, steel and plastics businesses were able to respond to stronger demand.

There was a reduction [illegible] [illegible] in net borrowings [illegible] £54.2m; gearing has fallen from 45.2 per cent to 25 per cent.

● **COMMENT**

Glynwed is more cheerful than at any time since recession started to knock its figures in 1989. It now has that happy combination of reduced costs, following the rationalisation programmes of recent years, [illegible] rising markets, especially in the UK and US, but with Europe starting to climb. Demand for its industrial products has already risen, that for consumer products has to follow. So it should be able to ride the economic cycle with some panache as pre-tax profits for this year rise to about £63m, providing earnings per share of over 20p. This puts the shares on a prospective multiple of just over 19, and shareholders should now be able to enjoy the ride as a recovery stock recovers.

Morgan Crucible sells Holt Lloyd

By Simon Davies

Morgan Crucible, the speciality [illegible] group, will raise up to [illegible] from the long-awaited sale of its Holt Lloyd car care business to a management buy-out.

Dr Bruce Farmer, chief executive, said the disposal would bring Morgan Crucible's gearing down from about 66 per cent to "the low thirties", but the company plans to invest some £40m in the second half on bolt-on acquisitions.

The car care business, which includes Turtle Wax polish and other consumer products, was acquired in 1987, when Morgan Crucible bought Holt Lloyd International for £85m.

Holt Lloyd's LPs and Kert industrial chemical businesses were subsequently absorbed into Morgan Crucible, and are expected to make profits of about £6.5m this year.

Dr Farmer said that "if we'd been according to plan, [the car business] would have been sold in 1990", but profits slumped during the recession. However, profits doubled last year to £8.2m.

[illegible] buy-out was led by Electra, which provided £37m of equity. The Bank of Scotland put together £26m of debt and a further £9m of working capital facilities. The management will retain a "significant" [illegible].

Morgan Crucible will receive £50m cash, and a further £3.5m if certain performance criteria are met. This compares with Holt Lloyd's asset value of £18.1m. In addition, Morgan Crucible will receive £9.4m through the repayment [illegible] Holt Lloyd's outstanding debt. Of this sum, £6m will be paid through a loan note.

Dr Farmer said [illegible] Crucible had [illegible] trade sales [illegible] [illegible] for the company, but the MBO had offered the best return to sharehold[illegible].

The deal will result in an exceptional profit [illegible] approximately £3m, under FRS 3 accounting policy.

Correction

AF Bulgin

AF Bulgin made pre-tax profits of £507,000 in the year to January 1994 and not losses of £212,000 as reported in Wednesday's FT.

Eyes on horizon after the clouds

Tim Burt reports on the hopes pinned on the revamped Dowty

Dowty Aerospace will today deliver another of its flagship products – a set of landing gear capable of setting an aircraft gently on to a [illegible] at 140 miles [illegible] hour.

Another so-called "ship set" will leave its Gloucester plant on Monday and further deliveries to manufacturers such as Airbus Industrie and McDonnell Douglas are expected every working [illegible] for [illegible] 12 months.

TI Group, the specialist engineering company which paid £500m for Dowty in June 1992, hopes that the order backlog will finally lay to rest the suspicion that it paid too much for the aerospace business.

Sir Christopher Lewinton, TI chairman, yesterday pointed to increased half-year operating profits from Dowty and predicted that the division would emerge as the group's third pillar, making a similar contribution to the John Crane seals business and the Bundy tubing division.

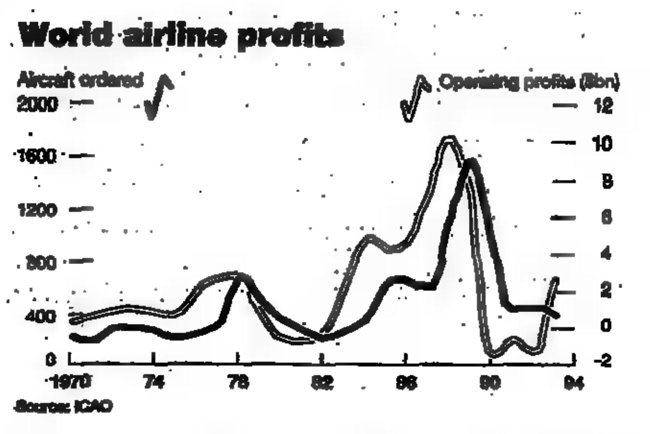
Dowty, however, is some way from achieving parity with its engineering siblings. Operating profits of £13.6m (£8.5m) in the six months to June 30 represented just 17 per cent of the group total and turnover fell from £158.4m to £149.8m amid flat demand for most aviation components.

City analysts, meanwhile, warned yesterday that the aerospace market could decline further before new orders fed through.

"Airlines are trying to get better utilisation of short-haul aircraft, which could mean fewer new orders," said one analyst. "Although that could boost the spares business."

Another analyst predicted that recovery from [illegible] [illegible] [illegible] be difficult. "Apart from [illegible] there are not many [illegible] aircraft [illegible] they can rely [illegible]."

World airline profits



Source: ICAO

Sir Christopher [illegible] undaunted. "Dowty hurt us in the first [illegible] years, but it's picking up and I'm quite proud of the margins."

He [illegible] charged Mr Tony Edwards, the [illegible] [illegible] executive, with developing Dowty [illegible] [illegible] [illegible] in aerospace components.

For Mr Edwards, recruited in November 1992 from Lucas Industries, success depends on one equation coming good: that aircraft orders follow past trends by increasing in line with airline operating profits.

"We believe airline profitability will be healthy enough by 1996 to kickstart large-scale orders," he says.

By that stage, he expects to have fully reorganised Dowty, creating a lean supplier focused on four main areas: landing gear, engine rings, propellers and hydraulics.

That strategy has so far seen the workforce cut by 25 per cent to 4,200, the removal of several management layers and the transfer of its Polymer Engineering business to John Crane.

[illegible] [illegible] plank [illegible] the restructuring, however, has only just been completed. Encouraged by TI, Dowty has joined with Messier-Bugatti – the subsidiary of the French aero-engine manufacturer – to form the world's biggest landing gear manufacturer.

Together, the Messier-Dowty joint venture has annual sales of £250m and 2,300 employees.

More importantly, it is the sole landing gear supplier to Airbus and serves a further 20 international manufacturers.

"This will be the driving force behind Dowty," says Mr Edwards. "It will enable us to grow even in a flat market."

Profits at the Anglo-French venture could also be enhanced by its ability, unlike its US rivals, to adapt its technology for new customers.

Menasco [illegible] [illegible] Pneumatic, [illegible] largest US landing gear companies, manu[illegible] [illegible] patterns [illegible] by [illegible] [illegible] as Boeing, whereas Messier-Dowty [illegible] its intellectual property rights.

This should [illegible] the joint venture to exploit expertise gained in serving manufactur[illegible] such [illegible] Airbus, while retaining [illegible] supplier [illegible] for spares and repairs.

That expertise has enabled Dowty to win new contracts on civil and defence programmes, including the Canadair Global Express business jet and the F-18 US Navy fighter-attack aircraft.

Sir Christopher claims such orders, worth more than £250m in the past 18 months, show how far Dowty has come in embracing the TI culture.

"The challenge has been to bring a marketing culture into an engineering company," he says. "I've been at TI for eight years and I'm only just getting the message across."

For Dowty, that has meant cutting jobs; winning new civil customers to offset reduced spending on military aircraft and persuading airlines that they can no longer afford to defer new orders.

City analysts, however, warn that TI may find it more difficult to extract cost reductions and introduce a new culture at Messier. As part of the Snecma group it has been used to state [illegible] and a government pay formula.

Sir Christopher predicted that such problems would be ironed out by Mr Edwards, who has formerly worked with a number of current Messier executives at GE Aerospace.

"We have been through the worst," he says. "Passenger traffic is growing and aircraft [illegible] getting older; [illegible] airlines [illegible] [illegible] to [illegible] ordering soon."

His hopes depend on carriers investing operating profits in new aircraft. Although such investment is by no means certain, the TI chairman is confident that it will make Dowty an equal partner in the engineering group.

"It has every prospect of being a world class business with a global network and customer base. The prospects for growth and improved financial results are very exciting."

Williamson Tea shows advance to £8.95m

Williamson Tea Holdings, which produces tea in India, Kenya and Tanzania, reported pre-tax profits ahead from £6.22m to £8.95m on turnover up by £5.4m to £39.4m in the year to end-March.

The improvement, the directors said, could be [illegible] mainly to increased profits of the Indian subsidiary, which had settled its dispute with the government of Assam on the quantum of cess on [illegible].

In addition, firmer tea prices in [illegible] last quarter [illegible] [illegible] period had led to higher than anticipated profits from [illegible] group's overseas subsidiaries.

The directors had forecast at the interim stage [illegible] full year profits would [illegible] no higher than those achieved in 1993.

Earnings per share came out at 148.8p (109.74p) and the proposed final dividend of 15p (12.5p) raises the total payment for the year from 22.5p to 25p.

The company is ultimately owned by George Williamson Holdings.

Rotork increases by 11% to £6.89m

By Peter Pearse

Rotork, [illegible] valve control manufacturer, lifted pre-tax profits by 11 per cent from £6.2m to £6.89m in the six months to June 30, helped by the group's global coverage.

Mr Tom Eassie, chief executive, said this was "our salva[illegible] always", adding that [illegible] less than 70 per cent of Rotork's output was exported.

Turnover rose 21 per cent to £41.3m (£34m), though Mr Eassie explained that some £5m was derived from new activities, in particular Exeeco, bought in the second half of last year.

Group operating profits expanded almost [illegible] per cent to £6.63m (£5.74m), while interest and similar income contributed less at £260,000 (£480,000).

Sales and profits in the actuation division, which accounts for some 80 per cent of turnover, both rose over last time, though Mr Eassie said that the domestic UK market – and especially the water companies – had been disappointing.

He suggested that, although the utilities had freely spent in the past couple of years, they had "been sitting on their hands" in the period under review. With the K factor issue now settled, he expected expenditure to rise.

Of the buoyant markets, the most "exciting" had been east Asia, South America and Canada, he said.

The IQ range was continuing to sell well "in a tightening market", leaving [illegible] [illegible] room to move more [illegible] the system controls side.

[illegible] for the instruments division, whose products feed into the actuation side, were "not promising", though the final quarter [illegible] brighter. Turnover here [illegible] between £6m and £7m.

The analysis, or pollution monitoring, division was trading at break-even.

Earnings per [illegible] rose 11 per cent to 5p (4.5p) and the interim dividend is increased by 8.6 per cent to 1.9p (1.75p).

The shares closed down 2p at 164p.

Standard Life changes investment structures

By Deborah Harrison

A change to Standard Life's in-house investment structures will transfer £4.16bn of unit trust funds into equities, in the latest of a series of such shifts by institutional funds.

Standard Life's decision to wind up the UK's largest unit trust, the Standard Life UK Larger Companies Trust, was triggered by the Inland Revenue's move to close a capital gains tax loophole which, until recently, encouraged insurance companies to use a unit trust wrapper for insurance funds.

Mr Alan Burton, unit trusts manager, said that since the company was acting within the official transition period it would not incur a CGT bill on the transfer of assets from the trust back into its insurance funds but that policyholders in future would pay more CGT on their investments.

Whinney Mackay-Lewis cuts losses to £195,000

A stronger second half helped Whinney Mackay-Lewis, the USM-quoted [illegible] and interior and urban designer, cut losses from £2.44m to £195,000 for the year to April 30.

Turnover slipped to £2.84m (£3.45m) but operating losses were cut to £156,000 (£477,000). The pre-tax result last time was after a £1.55m loss on the disposal of freehold property, restated in accordance with FRS 3.

Mr Jeremy Mackay-Lewis, chairman, said that after three years of recession, turnover was increasing again. The current level of fees represented construction costs of about £80m a year and there were signs that steady growth would continue. He said an encouraging number of instructions had been received in recent months from new clients.

Losses per share were 2.8p (34.6p restated).

RECRUITMENT

JOBS: Age is proving no barrier to future employment in at least one sector

Figures add up nicely for chartered accountants

Middle class angst about job security and future full-time employment prospects appears to [illegible] this summer as many companies continue to cut their managerial ranks in the name of global competitiveness.

But not all white-collar occupations are proving equally vulnerable. Take chartered accountancy, for example. The latest guide to salaries in accountancy, published by the Hays business service group for the first half of the year, suggests the demand for accountants has started to grow strongly again in the economic recovery. As a result, salaries for accounting staff are rising at a much faster rate than inflation and are now on average 5.7 per cent higher than this time last year.

The upward pressure on earnings is even [illegible] the support staff in accountancy, whose pay has climbed by 7.25 per cent compared with last year. For graduate recruits in public practice the picture is very promising, with an 8 per cent increase in their training contracts to an annual national figure of £10,042.

Salaries for finance directors in industry and commerce have risen by a national average of 10.5 per cent to £39,277 a year compared with the first half of 1993, while credit control clerks have seen their national average earnings grow by 9.5 per cent to £9,319 a year.

There [illegible] also been [illegible] average increases in pay of 8 per cent for trainee accountants in industry and 7 per cent for general accounts clerks with one to two years' experience.

The survey also points out that companies are recruiting accountants at all ages and levels of experience. The lifting of recruitment freezes at the junior end has reflected strong demand.

Even what the survey describes as "mature candidates" are being sought by employers to take on vacant accountancy posts. Accountancy Personnel believes this new interest in recruiting older people is due to the combination of the "demographic time bomb", with not enough younger staff available to meet demand. And the cuts made in training and recruitment during the recession reduced the pool of skilled young people on which employers could draw in the upturn.

But the survey also suggests there is another important reason why employers are keen to hire mature staff, even if 40 per cent of employers still [illegible] actively to discriminate in job placement on grounds of age. More companies have apparently woken up to the fact that [illegible]er staff can "best help them attain their business goals". It seems these more "world-wide" applicants can "leave a more credi[illegible] impression on the customer with whom most accounts departments have a much more regular interface than ever before".

The survey highlights a number of other underlying trends in the market [illegible] accountants. In the recession, the level of earnings in accountancy between the north and south of the country narrowed, but there are signs that the current revival is particularly strong in southern England, and this could lead to a rewidening of the pay gap.

It is also clear from the survey that the much-maligned public sector is regarded as the best place for recruits to train in accountancy skills because it offers better day release facilities and more time off from work to revise for examinations than the private sector.

Just as important, perhaps, is that the public sector is now offering levels of commercial salary to trained accountants competitive with the private sector. The pressure on local councils and health authorities to improve their internal auditing and the spread of compulsory competitive tendering has enhanced the demand for more accountants in the public services.

But would-be accountants should not become over-confident in the bullish jobs market. The survey also suggests many employers may be ready to hire more candidates, but only for spells of temporary work before deciding whether or not to offer them full-time employment. That greater prudence also provides temporary accountants with more flexibility, which many of them want.

Source: Accountancy Personnel, Guide to Salaries in Accountancy, 70 Watling St, London EC4M 4DD £30.00.

Bridging the gulf

David Lodge's novel Nice Work portrayed with painful humour the uncomprehending gulf of understanding that separates the world of engineering from that of academia. In Britain it was ever thus. But perhaps times are starting to change. Lucas Industries, the large Midland engineering group, has just launched a pilot training project designed to improve the technological literacy of its management. Managers with an expertise in finance, sales, buying and communications are being taught the rudiments of engineering.

The company's "engineers for non-engineers" programme is the first of its kind in Britain. Lucas in partnership with Warwick University's Manufacturing Group, has been awarded £96,000 by the Department of Employment to run a pilot scheme. It is about two-thirds of the way through and apparently proving highly successful.

"Our aim is to create a new cadre of managers who can interpret engineering and manufacturing issues more thoroughly and confidently", says Mr Bryan Mason, the company's personnel director. Mr Alan Bateman from the Department of Employment, who organises the programme, is already convinced it provides a good model for other companies to emulate in the future.

There are 15 managers on the 12-month induction programme who are spending 30 hours a month at Warwick University learning about engineering in the classroom, but also working on practical workplace projects at different Lucas plants four days a month.

A second group starts the programme next month and there are plans in place for more next year.

The company is keen to remove much of the mystery from what it regards as the "closed club of engineers", so other managers outside the manufacturing process will be able to participate more intelligently in the debate and decision-making on new product investment and design.

Lucas also sees the programme as a means of enhancing managerial career mobility. It will not turn out fully-qualified engineers but provide the company's managers with "the language and confidence" to interact with its engineers.

The company is well aware that Bosch, its main German rival, benefits enormously from having a more technically aware management in a country where engineering enjoys a much higher professional status than it does in Britain. But at least the Lucas scheme looks like helping to remedy the shortage of senior staff in the company with a real grasp of how its gear boxes and power systems are produced.

The programme is no soft option but rigorous and intellectually demanding. It consists of six modules covering, for instance, operational management techniques, products and manufacturing processes, innovation and the role of support functions. Those on the programme seem to be enthusiastic about its value for them.

"I believe it will help us to be more effective in multi-disciplinary management task forces", said one. "In the past I have kept quiet when engineers have been talking. Now I feel I can make a contribution", said another.

The Department of Employment hopes other companies will follow the Lucas example. The current programme may be tailor-made for Lucas's needs but it provides a model for use elsewhere.

Managers at Lucas acknowledge their company is trying to make up for their lamentable ignorance about the engineering process. If business schools cannot find the time to do this, then the companies will have to fill the gap. So far Lucas remains the lone pioneer.

Robert Taylor

Bankers Trust
MBA/Graduate Recruiting

One of the world's leading investment banks, Bankers Trust holds an enviable reputation as an innovative, technically-complex, global organisation. We deliver individually-tailored financial solutions to our clients, superior investment returns to our shareholders and rewarding, challenging work to our people. We never lose sight of the fact that it is our people that make the difference.

To reflect our growing European MBA/Graduate recruiting activities, we now seek a Campus Relations Manager. This high-profile role encompasses marketing, PR and high quality administration. Responsible for external liaison with Bankers Trust's key MBA and Undergraduate schools in the US and Europe, you will effectively direct the recruiting year.

You must be able to demonstrate high levels of energy and self-motivation and the capacity and personal presence to build and develop relationships. Creativity, a keen attention to detail and the ability to work under pressure are vital for this role. Interviewing and assessment skills are advantageous.

To apply please write with full CV quoting reference MD3866 to Elizabeth [illegible] Macmillan Davies, Salisbury House, Bluecoats, Hertford, [illegible] SG14 1PU. Tel: [illegible] 552552. Fax: [illegible] 505302.

Campus Relations Manager

CITY

c. £30-35,000
Plus [illegible] benefits

Generous Package — *Major Asset Management Firm* — *City*

Career in Fund Management

We are seeking recently qualified accountants, lawyers or people with similar qualifications to join this market leader as new entrants to be trained as fund managers. Our client has an outstanding business development record and an excellent reputation for funds' performance.

THE ROLE
- [illegible] through a rigorous training programme, gaining an introduction to all aspects of [illegible] management.
- Contribute to [illegible] process, providing [illegible] fundamental analysis [illegible] individual companies as part of [illegible] selection.
- Develop into [illegible] investment professional through the management of portfolios in geographical areas.

THE QUALIFICATIONS
- Graduate, aged 26 [illegible] 30, recently professionally qualified with a good track record. [illegible] in the financial markets.
- Enquiring, [illegible] mind combined with maturity [illegible] sound judgement. The confidence to carry out own initiatives.
- Sound communication skills, [illegible] at senior management level. Ambitious with disciplined work ethic.

Leeds 0532 307774
London 071 493 1236
Manchester 061 499 1700

Selector Europe

New York University
ADMINISTRATIVE DIRECTOR
FLORENCE

New York University seeks applications [illegible] post of [illegible] Director, to supervise its [illegible] affairs [illegible] Florence.

Villa La Pietra is the central property in a complex of five substantial villas [illegible] twenty-three hectares in [illegible] Director, [illegible] will report to [illegible] University's [illegible] leadership in New York, will be responsible [illegible] all [illegible] of the management o[illegible] estate.

The Director's [illegible] will require competence in overseeing [illegible] physical plant; a capacity to facilitate the carrying out of the University's academic program; a sensitivity to the aesthetic integrity of a Florentine garden and villas; and the managerial and financial skills to handle a substantial annual budget and supervise permanent staff responsible for all administrative functions, including the security and upkeep of buildings and grounds.

The [illegible] must [illegible] to respond promptly and precisely to instructions [illegible] York, and cooperate effectively with the University's legal representatives in Italy. The Director [illegible] expected to live [illegible] estate. Applicant [illegible] possess at [illegible] 5 years [illegible] level [illegible] experience, particularly in the areas [illegible]. Fluency in Italian [illegible] required.

Salary and benefits will [illegible] competitive. [illegible] should [illegible] a resume, references and salary expectations to: C. Duncan Rice, Vice Chancellor and Dean of the Faculty of Arts and Science, New [illegible] University, [illegible] House, 5 Washington Square North, New [illegible] NY [illegible].

NYU encourages applications from women and members of minority groups.

STRATEGIC RISK MANAGEMENT

CITY — £ EXCELLENT

This well established highly profitable UK retail bank has established a unique position in the market place, clearly differentiating itself from its competitors. Its quality [illegible] service is regarded as being [illegible] in the industry together with an enviable record [illegible] product innovation, [illegible] the while adhering to [illegible] ethical principles. The company actively promotes a policy of equal opportunities. Growth of volumes and profits has resulted in a number of high profile positions within these areas:

RISK MANAGER: ASSET AND LIABILITY UNIT

ALM is concerned with the strategic risk management of the retail balance sheet. This involves assessing existing structures and risks to economic events, the impact of various balance sheet structures and options available to reduce risks and/or increase profits. ALM manages the banks day-to-day funding profiles and implementation of approved hedge tactics. Reporting to the Head of ALM.

Responsibilities to include:
- Provision of support to Head of ALM
- Devising and implementing risk models for wholesale market instruments
- Proposing risk policy for group treasury and advising on regulatory developments as they effect ALM/Treasury

Ideally you will hold a professional qualification with a strong econometrics/mathematical bias with exposure to treasury risk management within a banking environment.

TREASURY CREDIT MANAGER

Treasury is active in the money markets, FX markets and derivative markets including SWAPs, FRA's Futures and complex products. Reporting to the Head of Treasury Operations.

Responsibilities to include:
- Formal credit reviews and monitoring of ongoing performance of counterparties
- Monitoring and investigation of excess exposures of counterparties
- Reviewing policies used for measuring credit risk
- Recommending changes to credit lines allocated within Treasury's matrix calculation
- Finalising Treasury documentation relating particularly to ISDA documents

You will have a Treasury Bank and Financial institutions credit background and a sound understanding of credit principles involved in measuring counterparty credit risk.

Interested candidates should call Gavin Bonnet at Robert Walters Associates on 071-379 3333 (confidential fax 071-915 8714), or write to him at 25 Bedford Street, London, WC2E 9HP.

ROBERT WALTERS ASSOCIATES

Edinburgh
FUND MANAGERS PLC

Investment Manager - African Equities — Edinburgh

Edinburgh Fund Managers Plc (*Edinburgh*) is one of Scotland's leading investment management groups with total funds under management of approximately £4bn. As part [illegible] continued development *Edinburgh* now seeks an exceptional individual to join the [illegible] with responsibility [illegible] researching investment opportunities in [illegible] and managing funds invested there.

The successful candidate is likely to [illegible] between [illegible] & [illegible] years old, and will have lived and worked in Africa for a number [illegible] years. While [illegible] experience would be desirable, more important [illegible] a broad understanding [illegible] business, stock markets and the economies of [illegible]. Applicants are expected to be graduates with a CA or other business qualification.

The position is based in Edinburgh but will require [illegible] travel in Africa. This [illegible] the [illegible] post of its kind in Scotland and carries with it responsibility [illegible] spearheading *Edinburgh's* entry into an important new market. This level [illegible] responsibility will be [illegible] in the remuneration package offered, including full financial sector benefits.

OFFICES IN:
London: 071 753 2833
Edinburgh: 031 220 0121
Glasgow: 041 248 4247

[illegible] BLAIR
SEARCH AND SELECTION

Please write with CV and details of current salary to Ian Willet at the Edinburgh Office: 63 George Street, Edinburgh [illegible] 2JG. All applications will be treated in the strictest confidence. Any applications sent direct to our client will be forwarded to Coburn Blair.

SENIOR FIXED INCOME OPERATIONS

Salary Competitive
+ Substantial Bonus and Benefits

We have been retained by a leading Global Investment Banking and Securities Institution which operates a comprehensive financial advisory and capital raising service. As part of its continued global expansion, we are seeking two outstanding Fixed Income professionals to enhance this highly sophisticated area which services Eurobonds, Domestic/Government issues, MTN's, Emerging Markets, Structured Transactions, International Repos, Asset-Backed products and their associated derivatives. Both roles offer the opportunity to work in an exciting and diverse environment that demands both thorough knowledge of the products, coupled with a hands-on management approach.

FIXED INCOME TRADE SUPPORT

A superb opportunity [illegible] for a high [illegible] to lead a substantial trade support function. Key responsibilities include:
- Structure, organise and manage the ongoing development of the Fixed Income Product group.
- Ensure controls are introduced/ maintained in all process areas.
- Provide a high degree of client and branch office liaison and develop a close working relationship with all levels of trading and sales staff.
- Manage the design and implementation of new systems initiatives.
- Recruit and develop staff.

FIXED INCOME SETTLEMENTS

This high calibre individual's responsibilities will include:
- Manage and motivate a varied team of [illegible] staff.
- Develop and implement a plan for the Domestic and Government Bond settlements groups to allow for greater volumes, diversity and complexity leading towards major growth within new and Emerging Markets.
- Apply your Euroclear, Cedel, CGO, SWIFT and general market knowledge [illegible] enhance current procedures within the Fixed Income settlements group.
- Manage the design and implementation of new systems initiatives.

If you have the drive, enthusiasm, ambition and commitment for either of these challenging opportunities, please send a detailed CV to Colin Jones at Harrison Willis, Cardinal House, 39-40 Albemarle Street, London [illegible] 3FD (fax 071-491 4705) or telephone 071-629 4463 ext. 428.

HARRISON WILLIS

هكذا من الأصل

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

CHIEF EXECUTIVE

TEACHER TRAINING AGENCY

up to £80,000 to include elements of performance related pay

The TTA will be established this Autumn to promote teaching as a career and to ensure the highest standards in initial teacher training. The budget is expected to be some £180m.

The Chief Executive will be the senior full-time officer of the Agency, responsible to the Chairman and Board, and will be a full Board member. He or she will ensure proper accountability for the use of public funds, will manage important changes in the funding arrangements for teacher training and will establish new procedures to ensure the quality of courses.

The Chief Executive needs to be an excellent communicator, to have experience in the setting up and management of a new organisation and to be able to offer strategic policy advice to the Board across the full range of its functions.

Knowledge of the English education system is desirable.

The Agency is likely to be located in the London SW1 area (Victoria/Westminster).

The remuneration package will include a non-contributory pension.

Initial interviews will be held in September.

If you could make an outstanding contribution to the work of the TTA please send a short covering letter summarising how your skills and attributes will enable you to do so with your CV to James Morgan, who is advising on this appointment, c/o Jamieson Scott, 118 Eaton Square, London SW1W 9AF, (FAX 071-823 1536). Letters should be received by 9 September.

Jamieson | Scott

DEPARTMENT FOR EDUCATION DFE

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The Toronto Stock Exchange

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Yes, the numbers are impressive. Almost 15 billion shares valued at $147 billion traded in 1993. The number two volume ranking exchange in North America. 1,200 companies listed. But, perhaps the most accurate measure of The Toronto Stock Exchange is its esteem in the eyes of international and domestic investors. Lead this enterprise as . . .

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Chart and navigate an ambitious course. Build on your successful leadership experiences on Project 940613. Confidentiality assured. Please write to 64 Prince Arthur Avenue, Toronto, Ontario M5R 1B4. We appreciate your response and will be in touch if a meeting is required.

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WWF

Senior International [illegible] Opportunity

DIRECTOR OF FUND RAISING

Forming part of a small highly-motivated team the Director of Fund Raising will be responsible for developing the significant financial support available from individuals, trusts and foundations.

WWF International is one of the world's largest independent conservation organizations. The position will be based in the International Secretariat 30 kms from Geneva.

The ideal candidate will:

- have at least 10 years high level experience in a senior management position;
- have a record of high personal achievement in fund raising in a service industry or [illegible];
- be a charismatic man or woman;
- possess excellent powers of communication and persuasion;
- have a high degree of diplomacy and intercultural skills;
- have drive, initiative and be a strong team builder;
- have excellent English and at least one other major European language, preferably two;
- have a dedicated commitment to conservation.

Applications including a full CV and recent photograph should be sent before 2 September 1994 to: Director of Human Resources, WWF International, Avenue du Mont Blanc, CH-1196 Gland, Switzerland. Please no phone calls.

ASSISTANT PORTFOLIO MANAGER
CITY

Sun Life Investment Management Services is the highly successful fund management arm of the Sun Life Assurance Group, one of the most dynamic financial service organisations in the UK. We are seeking a highly motivated individual to contribute to our continued growth.

The Position

Key responsibility for independent research and analysis to enhance stock selection and contribute to the asset allocation process for the Pacific Basin region. This will include management of [illegible] portfolios, preparation of strategy reports and policy recommendations together with deputising for the Far East Fund Manager.

Qualifications

Applicants will be graduates with 2-3 years' investment experience, specifically in Pacific Basin markets, gained in a fund management or stockbroker environment. IIMR qualification is preferred. A clear, enquiring mind with proven analytical and conceptual skills is essential, together with the requisite oral and written communication skills to operate effectively at this level. Comprehensive PC experience is essential.

The Benefits

The salary, which fully reflects the responsibility of the position, is backed by an attractive range of financial sector benefits including performance-related bonus payments, health care and non-contributory pension.

To apply please send your C.V. to:

Harriet Catling (Personnel Officer),
Sun Life Assurance Society,
107 Cheapside,
LONDON EC2V 6DU.

SUN LIFE INVESTMENT MANAGEMENT SERVICES

Sun Life offers equal opportunities in employment and welcomes applications from suitably qualified people regardless of sex, marital status, ethnic origin or disability.

ECONOMICS GRADUATE

City

We are looking for two recent graduates with an economics/finance-related degree. A sound understanding of economic fundamentals and forecasting techniques, strong communication skills and computer literacy are all essential.

The successful candidates will join our London team, reporting to the UK Group Chief Economist. This team provides an input into all the UK focused operations: Securities, Corporate Banking and Treasury.

The role involves forecasting and analysis of economic data, providing written contribution on short/long term economic developments for internal and external clients and assisting in the [illegible] of the Société Générale view of the UK economy.

Société Générale is a leading international bank with a strong commitment to the UK, ranked fifteenth worldwide in terms of total assets, with representation in over 60 countries.

If you are interested in developing your career, please send your details to: Louise Barrett, Head of Human Resources, Société Générale, 60 Gracechurch Street, London EC3V 0HD.

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Executives in Project and Export Finance

Following the recent merger of two well established and highly regarded departments in our Financing and Corporate Finance Divisions we are seeking to recruit high calibre executives to join our newly created Project and Export Finance department.

The successful individuals will form part of a team responsible for advising on and raising finance for major export and construction contracts, capital projects and concessions to build and operate utility or production facilities. Clients are exporters, promoters, utilities and corporate and government sponsors of projects.

We are looking for individuals with a high academic background and excellent communication skills, who have experience of [illegible] project evaluation and computer modelling. Knowledge of project financing techniques and a European language would be of definite advantage.

If you have the necessary attributes and are interested in joining this highly successful team, please forward your Curriculum Vitae, together with reasons why you should be considered to: Catherine Lasté, Group Personnel Department, Kleinwort Benson Ltd, PO Box 560, 20 Fenchurch Street, London EC3P 3DB.

Kleinwort Benson Limited

INTERNATIONAL PROPERTY FINANCE

Baring Brothers & Co., Limited is seeking executives for its property finance and advisory business which involves the application of a wide range of capital markets and merchant banking skills to the property sector.

Joining the property finance team, which is based in the United Kingdom, the successful applicant will become involved in many aspects of Barings' International property business. Clients comprise property investment and development companies, [illegible] and [illegible] companies with major property portfolios.

Candidates are likely to be

- from an investment banking background
- in their late twenties/early thirties
- highly motivated self starters with [illegible] experience

Preference will be given to candidates with relevant property related experience, although this is not a prerequisite. Language skills will be an advantage.

Salary will be competitive with a performance related bonus and benefits [illegible] with a leading [illegible].

To apply, please write with full career and salary details to Sheila Milbank, Assistant Director Personnel, Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE.

BARINGS

GLOBAL CASH MANAGEMENT
Sales Professionals

Citibank is the recognised leader in international cash management. With an exceptional core product range enjoying great demand in this high potential market, Citibank [illegible] Cash Management is expanding. Now, to maximise that potential and drive our growth, we seek experienced global cash management sales professionals.

Operating at Vice-President level and addressing the Corporate sector, you will design and develop global cash management solutions for sophisticated, multi-national clients.

These are significant challenges for proven achievers. You will need at least 5 years' global [illegible] management [illegible] experience, ideally including exposure to operations as well as relationship management. Excellent "consultancy" skills will be essential.

We offer an attractive salary plus bonus, comprehensive benefits and first-class career prospects.

Please send your full c.v. and a covering letter to Sue Bertram-Smith, Vice-President Human Resources, Citibank N.A., PO Box 200, Cottons Centre, Hays Lane, London SE1 2AT.

CITIBANK

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INVESTMENT BANKER

A leading Saudi Arabian Investment Institution is seeking an investment banker to further develop the growth and expansion of the company's [illegible] investment.

The candidate would be responsible for the following areas on an independent basis.

1. Identify, analyse, negotiate, package and place international investments.
2. Establish contacts with leading International Investment houses and other parties, to create deal flow.
3. Specific background in mergers & acquisitions, venture capital, re-structuring and rehabilitation and private placements, is desirable.
4. Capability to recruit, train, motivate, control and lead a team of assistants.

The candidate must demonstrate a proven track record in the above areas. The candidate would be positioned in Saudi Arabia. The job entails frequent overseas business visits with the potential to open a branch of the company in London and/or New York.

Salary, other compensation and bonus would be attractively offered, based on the candidate's experience and potential.

If you are interested, please send your CV in complete confidence to:

Rana Investment Company
C/O Gibson, Dunn & Crutcher
30/35 Pall Mall, London SW1Y 5LP
Attn: Mr. Mitri J. Najjar

INTERNATIONAL PRIVATE BANKING

DEPUTY MANAGER OFFSHORE

A major International Private Bank has a vacancy for Deputy Manager [illegible] run and develop International Banking Services in the Isle of Man.

Candidates should possess appropriate qualifications and be fluent in at least English and Swiss German. Extensive experience of onshore and offshore international banking is necessary and in particular the candidates need to demonstrate a high degree of specialised knowledge in dealing with Fiduciary Deposits and Products.

An attractive benefits package commensurate with a leading financial institution will be offered.

Preliminary interviews will be held in the British Isles.

Detailed Curriculum Vitae should be sent in the strictest confidence to Box A2128, Financial Times, One Southwark Bridge, London SE1 9HL.

Senior Sales Specialist and Salesperson

Futures & Options

Attractive Packages City

UBS Futures & Options Ltd, part of the Union Bank of Switzerland Group of companies, is a leading institutional broker for exchange traded derivatives. We are seeking to appoint a Senior Sales Specialist and a Futures Salesperson to work in the Debt and Treasury Division of our London office.

The Senior Sales Specialist will lead and expand our sales effort to our European client base. You are likely to have at least four years' experience of doing business with international institutions, possess a good knowledge of major cash markets, and the ability to enhance a strong team environment.

The Fixed Interest Futures Salesperson role will involve servicing an expanding high-quality institutional client list. Probably in your twenties, you will have at least one year's sales experience in Futures or related areas and be a highly motivated team player with proven sales ability.

Both roles carry with them all the benefits you expect from a major global banking group together with considerable career development potential.

Please send full career details to:

Lorna McArthur
Personnel Manager
UBS Limited
100 Liverpool Street
London EC2M 2RH

UBS Limited

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has an opening for a
INSTITUTIONAL EQUITY SALES PERSON.
Candidates should have either previous sales experience or a background in North American money management.
Please contact either
N.K. Siegel or D.B. Ziff on: 071 [illegible] 8088

Let the strain take the [illegible]

Guildford [illegible]

Are you an established professional, specialising in *Private Client Portfolio Management* faced with the dilemma of getting to your City desk at a reasonable hour (even without rail strikes?).

We are the Premier Investment Group, beautifully located in leafy Guildford. Our portfolio represents ten years of successful management and we've a package (including a desk) that should fit you nicely.

If you consider this the basis for some interesting dialogue, Ronald Henderson would like a call from you:- 0483 67766.

Premier Investment [illegible]

Premier House, 25-27 Chertsey Street, Guildford, Surrey GU1 4HG

CJA

RECRUITMENT CONSULTANTS GROUP
3 London Wall Buildings, London Wall, London EC2M 5PP
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Fax No. 071-256 8501

Challenging opportunity for a successful forfaiting specialist to develop a forfaiting activity [illegible] a well [illegible] profitable trade finance environment.

CJRA

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CITY OF LONDON **£40,000-£70,000 + bonus + car allowance**

EXPANDING SPECIALISED TRADE FINANCE [illegible] OF BRITISH OWNED INTERNATIONAL TRADING COMPANY

[illegible] applications from candidates, [illegible] likely to be [illegible] 32-45, who must have [illegible] at [illegible] years' general finance/banking experience [illegible] which 5 years' will [illegible] in forfaiting. You will report [illegible] work closely with [illegible] Managing Director responsible for specialised trade [illegible] and your brief will [illegible] set up a forfaiting service [illegible] the range of structured trade finance products which have already [illegible] our client as a quality player. As the specialist in [illegible] area, you will [illegible] organise procedures, [illegible] well [illegible] all aspects of marketing for forfaiting products. While there [illegible] a growing demand for forfaiting from [illegible] existing client base, [illegible] successful [illegible] will [illegible] expected [illegible] continue [illegible] their own clients. Essential qualities are [illegible] a strong allrounder, who is [illegible] and [illegible] quickly [illegible] become part [illegible] a small, friendly [illegible] are commercial [illegible] profit driven. Initial salary [illegible] negotiable £40,000-£70,000, plus profit [illegible] bonus, [illegible] non-contributory pension. Applications in strict confidence, quoting ref: *FF25355/FT*, will be [illegible] to [illegible] client unless you [illegible] companies [illegible] which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

FOREIGN EXCHANGE SALES

Chemical Bank occupies leadership positions in trading and sales [illegible] a broad range of financial markets. In particular, [illegible] command [illegible] unrivalled reputation in the Foreign Exchange market. Our strength derives from an exceptional market-making capability which services an enviable [illegible] franchise.

Our continued commitment [illegible] excellence is reflected by our [illegible] upgrade [illegible] AA credit [illegible]. This provides further opportunity to expand our highly successful FX Sales team. We are seeking [illegible] recruit two additional individuals to market an extensive range of foreign exchange and short dated derivative products to Financial Institutions and major UK Corporates.

We would like to hear from candidates who [illegible] the following criteria:

- graduates with strong numerical and analytical skills.
- 1-3 years experience in sales and/or trading in Foreign Exchange.

For successful candidates the financial and [illegible] rewards are exceptional.

Individuals should send a full CV [illegible] Richard Milbourn, Grace Advertising Ltd., [illegible] High Street, Sutton, Surrey, SM1 1HW quoting ref. 1910.

CHEMICAL

Member of The Securities and Futures Authority

Russell — Institutional Sales Executive

Prestigious International Investment Firm

The Frank Russell Company is one of the world's [illegible] highly respected and influential [illegible] consultancy firms providing leading-edge [illegible] expertise [illegible] a world-wide institutional client base. For over 25 years it has provided independent [illegible] and a global perspective and today advises clients on assets exceeding US$500billion.

Frank Russell Company Ltd, a UK subsidiary, providing strategic pension fund consultancy and fund management services, now requires an additional high-calibre Sales Executive to join a growing [illegible] team in London.

You will promote a range of new multi-manager asset management products to UK pension funds, [illegible] a senior level, to develop and introduce new business.

A graduate, aged 28-35, you have a minimum of a 2.1 degree in finance, at least three years institutional sales experience and have spent eight years with a merchant bank [illegible] major [illegible] house.

Great emphasis will be placed on presentational skills, both written and oral, and a clear [illegible] record of success in developing client [illegible] will need [illegible] demonstrated.

The [illegible] offers significant scope for self-development and the chance [illegible] participate in the future on an international level. You will [illegible] competitive remuneration incorporating a commission and benefits package.

In complete confidence, please write with CV to:
Simon Thompson, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA.

Simpson Crowden
CONSULTANTS

FAR EASTERN EQUITY FUND MANAGER

National Mutual Life has a vacancy for a Fund Manager, principally responsible for the day-to-day management of the Far Eastern Equity portfolios. The Fund Manager will work within a small innovative team, with a high degree of autonomy for the funds under management, and will be expected [illegible] contribute towards wider investment policy decisions.

The preferred candidate will have previous experience of the Far Eastern Equity markets, probably in a Fund Management environment, be self motivated, and exhibit effective communication skills.

The Investment Department is based at National Mutual Life's prestigious offices in a 29 acre parkland setting in Hitchin, Hertfordshire, forty-five minutes from the City. The position offers excellent [illegible] opportunities and attracts a comprehensive benefits package.

Please apply in writing, with full [illegible] details, [illegible] Mr JG Stuart, Personnel & Training Manager, National Mutual Life Assurance Society, The Priory, Hitchin, Herts SG5 2DW.

NATIONAL MUTUAL LIFE
The Pensions Specialist

FINANCIAL CONTROL
to £30,000 plus banking benefits

Our client is a leading European bank with a strong and [illegible] corporate base and a presence in London for over 120 years. They are looking to strengthen their financial control area by recruiting a recently qualified graduate [illegible] with previous experience gained in a banking environment.

The successful candidate will be involved in a broad-ranging financial accounting role encompassing Head Office reporting and systems control. There will also be some ad-hoc project work, to include involvement in system implementation. The position offers an excellent opportunity to gain a solid grounding in a variety of banking products.

For further information please [illegible] Trevor Robinson [illegible] 071 [illegible] 1266

Jonathan Wren & Co. Limited, Financial Recruitment [illegible]
No. 1 New Street, London EC2M 4TP Tel. 071-623 1266 Fax. 071-626 5259

JONATHAN WREN

JUNIOR USA FUND MANAGER

With [illegible] continued global expansion [illegible] European Investment House, a [illegible] opportunity [illegible] exists for an ambitious team player of graduate calibre, with a minimum of three years direct US equity experience. [illegible] will have a [illegible] analysing and selecting [illegible] equities.

As part of [illegible] highly professional team, you will be responsible for initiating timely investment [illegible] and [illegible] recommendations. The position will also involve some travel [illegible] the USA. Age [illegible]. A highly competitive remuneration package will be offered to the successful candidate.

For [illegible] details please [illegible] Paul Adams on [illegible] 404 6292 or write to Absolute Recruitment Ltd., Staple Inn Buildings North, High Holborn, London WC1V 7PZ Fax: [illegible]

ABSOLUTE RECRUITMENT

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ACCOUNTANCY COLUMN

Caparo-Touche saga ends with a twist in the tale

Andrew Jack argues that the pre-court settlement leaves important issues for auditors untouched

A significant chapter in the history of auditor liability [illegible] in [illegible] few [illegible] with the settlement of one of the most important legal cases for accountants in many years.

A decade after the ill-fated acquisition of Fidelity, an electronics group which issued *accounts later shown* not to reflect the true financial position, its auditors have made a [illegible]ment without admission of liability to Caparo, the mini-conglomerate con[illegible] by Mr Swraj Paul which bought the company.

Four years after the original case went to the House of Lords on a point of principle that left Touche Ross victorious and many of its competitors delighted, the firm has now paid over [illegible] £1.35m to Caparo in advance of a related legal action that was due to be heard in the courts in October.

Yet again, it means that independent observers – not to mention interested parties such as accountants and [illegible] insurance underwriters – have been deprived of the chance to pub[illegible] scrutinise a firm's audit methods [illegible] determine whether or not there was negligence.

[illegible] payment is particularly surprising to those who had earlier witnessed the determination of Touche to prove its innocence and fight the case so tenaciously – while Mr Paul was equally determined to see justice done to vindicate his contrary view.

It was back in June 1984 that Caparo Industries began buying shares in Fidelity, mostly after the unqualified accounts for the year to March 31 1984 had been issued. It was able to complete the acquisition of the company by October that year.

The 1984 accounts showed pre-tax profits of £1.3m, sales up 28 per cent on the previous year to £41.1m and the value of stocks up 54 per cent to £7.5m. Caparo claims it was on the basis of these audited figures that it launched its take-over – and would otherwise not have gone ahead.

Once in charge of the company it soon discovered that the figures were substantially overstated. This led to the first Caparo action – against both Touche Ross and the directors of the company – in July 1985. The writ sug[illegible] that instead of the claimed profit, Fidelity had made a loss of at least £465,000.

Caparo argues that the difference is explained by a combination of putting in the accounts stock that did not exist, under-providing for obsolescent stock, and under-providing for sales credits. It seems that a series of stock sheets were forged and altered, and then withheld from the auditors making copies of sample sheets.

It argues that Touche was negligent because a proper audit would have highlighted many causes for concern. These included abnormally high stock figures compared with previous years' accounts; knowledge of the inadequacies of Fidelity's stock system and stock-taking procedures; and rigorous controls to check and verify the information the stock-take produced.

Based on its own expert witness report, Caparo also argued that Touche should have reviewed monthly sales and returns and investigated unusually high figures such as those in March 1984; thoroughly circularised and followed-up for responses from debtors; and received all relevant information including full and proper representations by management before signing off the accounts.

In January 1991, Mr Justice Webster found in the High Court that Mr Steven Dickman and Mr Robert Dickman, two Fidelity directors and substantial shareholders also sued by Caparo, were guilty of dishonesty on a *number of counts relating to information* presented in the accounts. They have since become bankrupt.

But none of the substantive points relating to the auditors ever reached the ears of the court. Touche argued that it simply had no "duty of care" to Caparo, as a third party that was not a shareholder at the time of the [illegible] the accounts. The firm's view was ultimately upheld in the House of Lords. Auditors were accountable only to existing shareholders and the company itself, the ruling said.

In many ways, Caparo harks back to an even more significant legal judgment more than 60 years ago, which was also taken against a predecessor firm of Touche. In 1931, Judge Cardozo in the New York courts ruled in the Ultramares case that auditors should not have "liability in an indeterminate amount for an indeterminate time to an indeterminate class".

Mr Emile Woolf, a partner with accountants Kingston Smith, says that the handful of tort actions since Caparo has taken an equally restrictive line to limit auditors' duty of care. The draft EU fifth directive would have reversed Caparo across member states, but seems to be languishing. The result is that auditors are now able to largely shrug off the threat of third party actions.

Meanwhile, the effect of Caparo has been to shift the battleground to actions in contract: where the company itself sues its auditors for breach of its agreed obligations. None are more feared by the firms than those brought by the receivers and liquidators to large failed companies – themselves accountants and under a legal *duty to pursue the maximum return* for creditors.

It was this route that Caparo latterly chose in its efforts to pursue Touche. Since the House of Lords prevented an action in the name of the third party share purchaser of Caparo, it sued as Intersound Consumer Electronics, the name by which Fidelity itself is now known.

Touche was originally sued in the Caparo case for £13.4m – the cost of the acquisition – plus the return had the money on the purchase been more wisely invested, as well as costs and interest since the date of the purchase of Caparo: giving a total sum probably in the range of £25m-£35m.

The difficulty is that Fidelity as a company only experienced a change in ownership, and its shareholders in fact benefited from Caparo paying too high a price. As a result, the only loss apparently suffered by Fidelity in contract is the few tens of thousands of pounds in fees paid to the auditors because the accounts were not accurate. In consequence, Mr Woolf says the Touche settlement seems "surprisingly high".

Mr John Magill, the Touche partner who co-ordinated the litigation, says simply: "The costs of these things are absolutely enormous. It made good commercial sense to reach an amicable settlement."

Asked whether he maintains the view that Touche is confident of the adequacy of its audit and that it would have won the legal case, Mr Magill says: "We would not have settled for that amount of money for any other reason." He will not comment on any of the substantive points of alleged negligence raised by the case.

Mr Woolf believes that Caparo was necessary to prevent "open-ended liability" against auditors under all circumstances. In the short-term, he would like to see contributory negligence permitted in contract cases as it is in tort, so that the plaintiffs are under an obligation to mitigate losses and cannot simply entirely rely on the defendants.

In the longer-term, he would welcome a shift to the approach elsewhere in Europe of "several liability" where the courts can apportion damages between the parties being sued based on the degree of culpability. By contrast, the present English approach of "joint and several liability" permits one party such as auditors to pay all damages even if only marginally implicated.

But he argues that Caparo goes too far in protecting auditors under all circumstances even when there is clear negligence, and an explicit understanding that their work will be relied on by a third party.

There is a public duty for limited companies to file accounts, and for those accounts to be "true and fair". The auditor has been granted a monopoly to verify this financial information, and needs to be held accountable. After all, the audited figures are the same figures whoever reads and acts on them.

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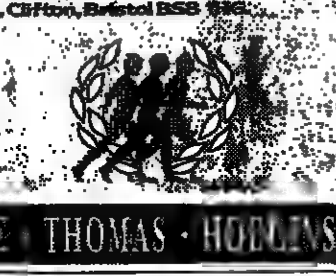

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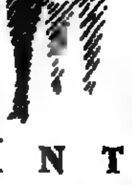

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- A graduate qualified accountant.
- Experienced in commerce and industry with specific knowledge of group matters
- Mature and with the stature to deal with personnel of all levels
- Self motivated and able to work on own initiative
- [illegible] to respond quickly to [illegible] the group expands [illegible] develops.
- Confident and articulate with the ability to build a rapport with non-finance staff.

KVÆRNER

This position is being [illegible] exclusively by Accountancy Personnel. For any further details, please forward your CV to Elizabeth Yeldon, Taxation Division, [illegible] Strand, London WC2R 0AA. Tel: 071-379 6716. Fax: 071-379 0357.

Any applications sent directly to Kvaerner will be forwarded to Accountancy Personnel for processing.

Hays

FINANCE DIRECTOR

Education: South East — c. £38,000

This is a significant [illegible] opportunity for a Finance Director from within the H.E. or F.E. sectors, who [illegible] to become a key member of a developing management team. Reporting directly to the Principal of this large and prestigious establishment, you will work closely with him and other members of the executive on strategic planning for the future of the college, whilst ensuring rigorous financial control [illegible] a sizeable budget.

You will have total responsibility for all financial matters; control, planning and financial IT and will be required to interpret all FEFC circulars and advise the [illegible] of Governors and the Executive on the financial implications of these. Experience of dealing with the FEFC or a similar funding body is therefore highly desirable.

You [illegible] be a highly intelligent qualified accountant, and no wallflower. You will be expected to ensure that all members of staff in the college develop a greater commercial [illegible] whilst showing due respect for maintaining the high academic standards which are a hallmark of this establishment. You must be able to demonstrate a firm and persuasive manner in your dealings with people. You will have a small but dedicated team reporting to you.

If you feel equal to this [illegible] demanding opportunity please send a career résumé together with current salary package, quoting ref [illegible] to Bruce McKay, Touche Ross Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.

Touche Ross

Deloitte Touche Tohmatsu International

MANAGEMENT CONSULTANTS

FINANCE DIRECTOR

SOUTH COAST — c.£60,000

The Company

A manufacturer of aerospace systems and components, some at the leading edge of technology, the Company is one of [illegible] principal subsidiaries of a £200m quoted group. The subsidiary itself has 1,000 employees and a [illegible] of [illegible].

The Role

The Company requires pro-active financial input at Board level. Working as a key member of the management team, the Finance Director will be expected to [illegible] and assist the Board in all strategic issues as well as [illegible] that meaningful, appropriate and timely forward-looking financial information is [illegible] to the Board.

Specific Experience

Experience of strategic acquisitions (company and product), integrated MIS and [illegible] thinking in management accounting in a varied manufacturing and service environment.

The appointee [illegible] already have held finance director responsibilities within a manufacturing sector company.

Candidate Criteria

Graduate, qualified accountant, probably in his/her mid [illegible] mid 40s.

A strategic thinker with a strong [illegible] and independent mind with well-developed conceptual and analytical skills.

Dynamic, highly motivated with integrity and excellent interpersonal [illegible] communication [illegible]. A team player.

If you feel you could make a significant contribution to our client's business, please send a reasoned summary of your skills and attributes, accompanied by your cv, to Mark Scott MA FCA at Jamieson Scott Selection Division, 118 Eaton Square, London SW1W 9AF, quoting reference FT 31/F.

Jamieson Scott

SELECTION DIVISION

MAJOR NEW LIFE COMPANY

CHIEF ACCOUNTANT

National Australia Bank is one of the largest and most successful Banking Groups in the World, with a clearly defined and [illegible] strategy for growth. We are one of the [illegible] foreign Banking Groups in the UK, [illegible] subsidiaries include the Clydesdale, Yorkshire, [illegible] and [illegible] Irish Banks. Our combined distribution numbers over 700 outlets in the UK and Ireland.

Ideally positioned as a [illegible] producer of quality financial services, we now [illegible] expand our insurance activities with the creation of a **major new Life and Unit Trust operation.** Vital to the success of this exciting new venture is the appointment of an outstanding individual to the position of Chief Accountant.

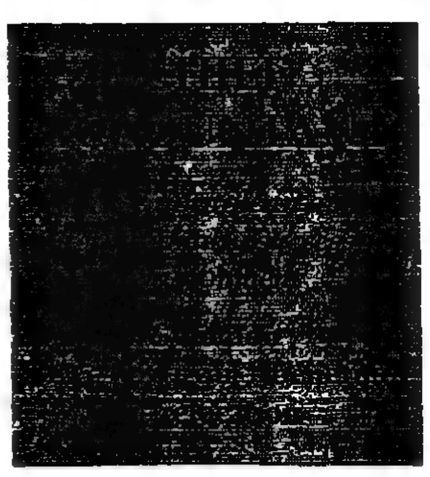
Responsible to the Head of Finance, your main [illegible] will be to develop both the accounting and regulatory reporting framework and systems required to [illegible] a new Life Assurance/Unit Trust operation; structuring the department and recruiting the necessary support skills; and subsequently managing the ongoing accounting function.

Ideally aged mid-thirties, the individual we seek will be a high energy, self-motivated qualified Accountant, with substantial [illegible] Assurance accounting, preferably including unit-linked experience, obtained either in a Life office or specialist Life consultancy. Your technical expertise will be unquestionable, as will your knowledge of IT application. Located within [illegible] of both Glasgow and Edinburgh, the position carries an excellent remuneration package and relocation assistance, [illegible] required.

Interested [illegible] invited to telephone or write in confidence to our retained consultant, Peter Bray at Peter Bray Associates, 3 Blake House, Admirals Way, Waterside, London E14 9UF, Telephone [illegible] 071 538 5141.

National Australia Group UK

[illegible] International, a highly successful partnership [illegible] of [illegible] leading [illegible] the travel industry, is a major worldwide provider of advanced global computerised [illegible] systems. A [illegible] merger with Covia in the [illegible] has enabled us to consolidate this powerful capability, and has contributed to the creation of this senior and influential role.



Reporting directly to the European Financial Controller and leading a team of ten, you will be responsible for UK financial reporting [illegible] systems, nominal, [illegible] and purchase ledgers.

Responsibilities will include the production of monthly [illegible] and [illegible] reports to strict deadlines, UK statutory accounts, management of [illegible] payables, [illegible] control of fixed [illegible] including the financial implications of a staging [illegible] in Belgium. There will also be a requirement to define, document [illegible] procedures and internal controls.

[illegible] are looking for a qualified accountant (10 years [illegible] with UK and preferably [illegible] reporting experience, a practical knowledge of modern accounting systems [illegible] practices and [illegible] on experience [illegible].

The industry [illegible] in is progressive, dynamic and growing. Experience in a high tech international environment would be an advantage. At the same time you must be a positive hands on manager and motivator of others, with drive and energy, initiative and the ability to communicate. A sense of humour would also help.

In return, you will receive an attractive salary and benefits package including a car and relocation assistance where appropriate, and the opportunity to apply your expertise within a [illegible] and forward-looking organisation.

Please send your CV indicating current salary to: Lorraine Wilson, HR Manager, [illegible] International, Windmill Hill, Swindon, [illegible] SN5 6PH.

GALILEO INTERNATIONAL

London Transport Buses [redacted] the [redacted] organisation responsible for procuring [redacted] services throughout London on a competitive [redacted] from private [redacted] operators including the 'red' bus companies, which are about to [redacted] privatised.

Financial Controller

LT Buses

c£40,000 + benefits

The Financial Controller in [redacted] new [redacted] will work closely with the Finance Director, ensuring financial controls are established and complied with. LT Buses has challenging financial objectives and [redacted] set by HM Government, which require robust [redacted] financial management, cash control and project control.

As well [redacted] the development [redacted] maintenance of accounting systems [redacted] procedures, the role will play [redacted] important part in budgetary control and project review of some major investment projects, and in the allocation of [redacted] to bus operators.

We are looking for a qualified accountant with at [redacted] 10 years post qualification experience, including a successful track record within a large commercially orientated environment. You [redacted] be a resilient, [redacted] professional; [redacted] question [redacted] debate [redacted] on [redacted] non-financial bases, at [redacted] strategic and detailed levels; thoroughly versed [redacted] all [redacted] of finance [redacted] management accounting and a clear, concise communicator. Working closely with Directors in LT [redacted] and the London Transport Group Finance function, there [redacted] a need to enjoy being a team player, with a collaborative style but with a strong awareness of the professional [redacted] and commitments required of [redacted] finance function in a high profile [redacted] business.

Please apply to: Veronica Rawson, Central Personnel, London Transport, [redacted] Broadway, London [redacted] 0BD.

An outline job description [redacted] please telephone 071-918 3661. Applications, quoting ref CDV364/E, [redacted] invited by 15 August 1994.

London Transport's policy [redacted] to work towards equality within [redacted] workplace and therefore applicants from all groups [redacted] welcome. Disabled applicants should please give details of any special [redacted] the working environment.

London Transport Buses

FINANCIAL CONTROLLER

Commodities

Up to £40,000

Part of a quoted [redacted] group, our [redacted] an established London based commodities broker with diverse trading activities in consumer goods. Ongoing expansion achieved by exploiting opportunities in a lucrative global marketplace has [redacted] the [redacted] an experienced finance professional.

Reporting directly [redacted] the Managing Director, you will [redacted] responsible for running [redacted] cohesive finance function producing all statutory and Group reporting, [redacted] well [redacted] management information and ad hoc projects. Your initial challenge [redacted] be [redacted] finalise the implementation of a fully integrated software package and to [redacted] comprehensive foreign exchange exposure management system. The role would suit an individual who [redacted] able [redacted] combine [redacted] 'hands-on' problem solving ability with [redacted] strategic vision [redacted] advise on the financial aspects of [redacted] business opportunities and product di[redacted].

You will be [redacted] qualified accountant in your 30's or early 40's, who is able [redacted] demonstrate a track record of achievement and a genuine [redacted] commodities [redacted]. Commercial acumen, the ability to communicate at all levels and a commitment [redacted] teamwork are prerequisites.

Interested [redacted] should submit [redacted] detailed Curriculum [redacted] at Cardinal House, 39–40 Albemarle Street, London [redacted] 3FD (fax: 071-491 4705) or [redacted] him on 071-629 [redacted] 007511 evenings and weekends) quoting ref. CH7126.

HARRISON WILLIS

FINANCIAL RECRUITMENT CONSULTANTS

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Chartered

Institute of Housing

DIRECTOR OF FINANCE & ADMINISTRATION

C£35,000 PLUS CAR AND OTHER BENEFITS — **COVENTRY**

The Institute is the professional body for people working in housing. It has an income of £3.4 million, 58 staff and 13 branches throughout the UK and Hong Kong. A commercially oriented Director of Finance and Administration is now sought, as a key member of the small management team, to play a generalist role in maintaining and developing the financial standing and organisational efficiency of the Institute.

THE POSITION

- Manages the Finance [redacted] Administration team ensuring overall financial control and [redacted] production of management information.
- Handles the full [redacted] of company [redacted] duties including insurance, pensions, property and personnel issues.
- Maintains and develops the Institute's computer systems.
- [redacted] constructive relationships [redacted] Institute's branches, its associated [redacted] company [redacted] Committee members.

THE REQUIREMENTS

- Graduate calibre, with a recognised accountancy qualification.
- Significant "hands-on" financial management experience, at [redacted] to Financial Controller level, ideally with exposure to the commercial aspects of running a stand-alone organisation.
- A good communicator with a proactive approach to people and problem solving.
- IT [redacted]
- Ability to prioritise and organise a diverse range of tasks.

Further details are available from Sue Mitcham on 0203 694433. If you would like to apply, please send a detailed CV, including your current remuneration details and salary expectations to Sue Mitcham, Chartered Institute of Housing, Octavia House, Westwood Business Park, Westwood Way, Coventry CV4 8JP, to arrive no later them 12 noon on 26th August.

The Chartered Institute of Housing is aiming to be an Equal Opportunities Employer.

NORTHUMBRIAN WATER LTD

North East. Commercial Accountant (Spanish Speaker)

Northumbrian [redacted] Limited [redacted] of the largest and fastest growing private [redacted] companies in the North East. It supplies [redacted] 1.2 million [redacted] who range from domestic consumers [redacted] region's largest industrial [redacted] and [redacted] a turnover [redacted] excess [redacted] £210 million.

The recently created Commercial Division [redacted] involved in large scale [redacted] and project [redacted] overseas.

The [redacted] play an [redacted] role in the preparation of bids, the financial control and reporting of on-going projects and [redacted] representation of [redacted] Group's [redacted] interests in [redacted] joint [redacted] companies.

The position requires someone skilled [redacted] project [redacted] appraisal, contractual and [redacted] structuring, tax and currency protection [redacted] modelling.

[redacted] anticipate the successful applicant will be aged 30+, [redacted] graduate qualified accountant with previous experience of working [redacted] Spain or Latin America, and will [redacted] a [redacted] record [redacted] achieving tangible results in previous roles. Furthermore, [redacted] inter-personal skills, mobility, flexibility, teamworking and fluency in written and spoken Spanish are all essential.

In return you will enjoy [redacted] challenging, high profile role where [redacted] will contribute as [redacted] a highly professional, motivated team charged with the growth of [redacted].

NIGEL WRIGHT CONSULTANCY

Please apply without delay, in writing, to:
Nigel Wright Consultancy,
North Street Court, [redacted] Street,
Newcastle upon Tyne, NE1 [redacted]
Telephone 091 2220770. Fax: 091 222 [redacted]
including evening and weekends.

Specialists in Financial Recruitment

EMPLOYERS REASSURANCE INTERNATIONAL LIMITED

INTERNAL AUDIT MANAGER

LIFE REASSURANCE

Employers Reinsurance Corporation, located in Kansas, USA, [redacted] the third largest reinsurance company in the world. The Corporation [redacted] experienced significant growth outside the USA in the last [redacted] years and has now made a significant acquisition to increase its presence in the international life reassurance market.

We are seeking an audit manager for the UK operation which is located in Folkestone, Kent. The job will involve some travel abroad to branch operations.

The successful applicant will report to the Managing Director for Life Operations and to the Head of the International Audit Group.

The key responsibilities of the position are to:

- ☐ Develop [redacted] a comprehensive audit programme for [redacted] evaluation of management controls
- ☐ Perform and report on internal audits performed
- ☐ Establish [redacted] close co-operation with external auditors
- ☐ Assist in establishing routines for new areas [redacted] business and in ensuring the integrity and accuracy of new systems.

The successful applicant should be [redacted] qualified accountant with a minimum of [redacted] years' experience [redacted] work. Previous experience within the financial services sector and [redacted] knowledge of US GAAP accounting would be preferable.

An attractive remuneration package is offered.

Applications, together with CV [redacted] of [redacted] should [redacted]
Mr P [redacted] Managing Director
Employers Reassurance International Limited
Portsoken House, 155-157 Minories, [redacted] EC3N 1BU

SALES PROMOTIONS
[redacted] our game

FINANCIAL CONTROLLER

is the name

£30K + BONUS/CAR/BENEFITS

Based [redacted] London [redacted] a major international [redacted] in loyalty promotions, providing the flair and imagination to support and enhance [redacted] campaigns with [redacted] promotional products. [redacted] clientele consists primarily of major blue chip organisations. As a fast growing and profitable part of [redacted] major multi-national group this post requires [redacted] qualified and dynamic accountant who will be responsible for the production to deadlines of statutory and management accounts, within a fully computerised accounting function. Reporting directly to the [redacted] Director and with [redacted] of [redacted] small [redacted] Financial Controller will also assume other responsibilities.

[redacted] will preferably possess experience of European [redacted] currencies, [redacted] control [redacted] and [redacted] used [redacted] operating within a dynamic and innovative environment.

PROMOTE [redacted]
and phone Colin Perkins of PSM on
0784 472541

PRIVATE BANKING OFFICER

Required for West End Branch of Leading Middle East Bank

[redacted]

[redacted] become [redacted] member [redacted] a highly qualified team dedicated to market and sell the full range of the Group's financial services to [redacted] selected segment of the market.

QUALIFICATIONS

Degree in Business Administration or Marketing with at least 5 years relevant experience [redacted] relationship management skills. Fluency in speaking Arabic and high proficiency in written English are required.

[redacted] competitive package will be offered to the successful candidate.

Applicants should send their curriculum vitae with salary and benefit details [redacted] A2129, Financial Times, [redacted] Southwark Bridge, [redacted] SE1 9HL.

ACCOUNTANT

VENTURE CAPITAL

Competitive Salary and Benefits

Gartmore provides investment management and advisory services [redacted] institutional and retail clients, [redacted] in the UK and overseas. We are one of the [redacted] leading fund managers and have [redacted] significant presence in the management of pension funds, unit trusts, offshore funds and [redacted] trusts. [redacted] have around £20 billion under management and [redacted] seeking to appoint an [redacted] in [redacted] capital subsidiary.

[redacted] Venture Capital comprises [redacted] small [redacted] investing in privately owned companies [redacted] behalf of several client funds. You will [redacted] responsible for the accounting and administrative function relating to investments, producing [redacted] reports [redacted] the respective Boards of [redacted] and supporting the client service function. [redacted] will develop and [redacted] recording the terms, valuation and returns of each investment. You will also assist in the preparation of the budget.

You will probably be a qualified [redacted] part-qualified accountant with [redacted] level [redacted] computer literacy. You will have [redacted] minimum of [redacted] years' experience, ideally within the investment management industry. You will be [redacted] personable, self-motivating [redacted] player with strong organisational [redacted].

If you are interested in this role, please apply with CV to Lois McLean, Senior [redacted] Gartmore Investment Limited, [redacted] House, PO [redacted] 65, 16-18 Monument Street, [redacted] EC3R 8QQ.

Gartmore

Issued and approved by Gartmore [redacted] Limited, a member of [redacted]

Finance Manager

For £55m Turnover World Leader

Based in Surrey — *£30–35K + Car*

Our client, a subsidiary of the largest pharmaceutical company in the world, is looking for [redacted] Finance Manager with excellent accounting and management skills to co-ordinate its European Financial Accounting Operation.

Reporting to the European Financial Controller, the job holder will have full management [redacted]onsibilities for European Financial Accounting. ACA qualified with one of the country's top audit firms, you will have [redacted] least two years' post-qualified exposure, either in a manufacturing environment [redacted] in special project work.

The successful candidate must be highly computer literate and able to demonstrate exceptional vision and drive. A second language would also be useful. If you have commercial flair and a real desire to be successful, this position offers an exciting challenge and the opportunity to work in a highly profitable and innovative organisation.

To apply, please send a detailed CV, together with home and business telephone numbers, to our advising consultants, LJ Associates, 12 Celbridge Mews, Porchester Road, London W2 6EU, quoting reference number 08/639.

L.J. ASSOCIATES

Accountant - Package up to £50,000 London - city

A highly successful Lloyd's managing agency requires an accountant to be responsible for internal and external reporting, and play an active part in the further development of the Network based computer systems. Reporting to the financial director, the fortunate candidate is unlikely to be less than 34 years of age, qualified and will have worked in an insurance company. Good inter-personal skills will [redacted] important.

Please send a full CV [redacted] Reeve Hepburn, The Strand, 14 Buckingham Street WC2N 6DF.

GROUP FINANCE DIRECTOR

LONDON — **NEGOTIABLE PACKAGE**

Our client [redacted] fast expanding [redacted] food [redacted] group [redacted] planning [redacted] listing in the very near future. It now wishes to appoint [redacted] Group Finance Director, to be [redacted] key member of the small [redacted] management team.

The appointee will have complete responsibility for the group's financial reporting and management, including treasury, [redacted] administrative functions. The ability to get things don[redacted] a pre-requisite.

The new [redacted] will be expected [redacted] make [redacted] to developing group strategy and to identifying and evaluating acquisition opportunities.

He/she must be an influential communicator, have a strong personality, with the ability to liaise effectively with external advisers. A 'plc' background is preferred.

It is expected that Equity participation will be made available to the appointee.

If you are confident that you have the experience, qualifications and ability to assume this demanding role, then write briefly explaining how, [redacted] David Knollys, under [redacted] 4772 enclosing your full CV and salary history.

ROLAND ORR ASSOCIATES LIMITED
Third Floor, Walmar [redacted]
296 Regent Street
London [redacted] 5HB

COMMODITIES AND AGRICULTURE

Coffee prices up again as frost returns to Brazil

By Deborah Hargreaves

Coffee prices surged ahead yesterday after reports of a light frost in Brazil, but although the market ended $59 a tonne higher, it failed to hold on to earlier gains.

The November coffee futures contract at the London Commodity Exchange soared to hit $3,675 a tonne in morning trading – a rise of $119 – on news of the frost. But later confirmation that a light frost had touched only a limited coffee-growing area pushed the market down to close at $3,615 a tonne.

"The market's very sensitive, but prices would go higher if we hadn't already had a lot of frost damage," said one trader. Frosts in late June and early July have already caused [illegible] spread damage to the Brazilian crop that will be harvested next year pushing world market prices up by more than 60 per cent.

The Pocos de Caldas region in Minas Gerais, the main coffee-growing state, was affected by yesterday's frost. [illegible]'s National Institute of Meteorology has forecast more light frost in main coffee-growing regions for this morning.

The prospects of further damage to the Brazilian crop are likely to keep the market jittery for some days.

Oil demand growth forecast

By Robert Corzine

The International Energy Agency yesterday predicted that world demand for oil will [illegible] steadily [illegible] the next nine months as the pace of eco[illegible] activity quickens in Europe and Japan.

In its monthly [illegible] report the IEA estimated that world demand for oil next year would rise to 69.3m barrels a day, from an expected average of 68.1m b/d this year.

The Paris-based agency said oil demand by members of the Organisation [illegible] Co-operation and Development would rise by 500,000 b/d in the [illegible] quarter of [illegible], with Europe accounting for the largest increase. It predicted that Asian demand in the period would [illegible] by a [illegible] amount and that the decline in demand in the former Soviet Union would slow.

Global first quarter demand in [illegible] quarter [illegible] therefore be 900,000 b/d higher than in the same period last year.

But the agency suggested that oil supplies from outside the Organisation of [illegible] Exporting Countries would be 700,000 b/d [illegible] in the first quarter, mainly reflecting rising production in the North Sea as new fields which were brought [illegible] year moved towards peak production.

The report [illegible] that Nigeria had replaced Yemen as a source of international concern about supply disruptions. But it said the Nigerian supply disruptions in July, which have unsettled international oil markets, [illegible] offset by increased output by several other Opec producers.

Logging charge angers Malaysia

By Kieran Cooke in Kuala Lumpur

Malaysia has reacted angrily to Australian [illegible] Malaysian [illegible] companies [illegible] seriously damaging [illegible] environment in [illegible] of the South Pacific.

"[illegible] is the business of Australia to criticise the presence of Malaysian or other foreign logging companies in the South Pacific islands?" said Mr Lim Keng Yaik, Malaysia's minister of primary industries. He [illegible] that Australia was jealous of the success of Malaysian companies in winning timber concessions in the region and was using a half truths to "jumble up environmental facts".

At a recent meeting of leaders of South Pacific nations in Brisbane [illegible] Paul Keating, [illegible] prime minister, accused Malaysian, South [illegible]ean and Indonesian [illegible] companies of "ripping off" the Solomon Islands by paying too little for valuable timber products. "Unless the environmental piracy of foreign companies operating in the South Pacific region is controlled, the future for the region will be bleak," Mr Keating declared.

In recent years Malaysian timber companies have expanded their logging operations to countries in the South Pacific and there have been increasing protests about what are seen as the uncontrolled activities of these financially powerful concerns. In Papua [illegible] Guinea, [illegible] privately controlled Malaysian [illegible] is believed [illegible] more than 60 per cent of log exports, the government recently brought in a series of measures to curb the activities of foreign loggers.

A senior executive of one of Malaysia's biggest conglomer[illegible] recently resigned after [illegible] trying [illegible] bribe a Solomon Islands minister in connection with a timber deal – although he denied the charge.

Race to save tin mine goes to the post

By Kenneth Gooding, Mining Correspondent

Five hours before the midnight deadline last night, Britain's last operating tin mine, South Crofty near Redruth in Cornwall, was still fighting to raise the £1m in needed under the terms of a survival package agreed with the government.

By yesterday [illegible] £475,000 had been promised by local people and private investors and Mr Kevin Ross, managing director, was said to have spent all day on the telephone in final negotiations with unnamed parties for the other £525,000.

"We remain confident," said a South Crofty official.

Mr Ross on June 29 made an emotional appeal to investors [illegible] provide up to £1.8m for [illegible] Crofty, which can trace its roots back for 400 of the 2,500 years tin has been mined in [illegible].

He revealed that, if the mine could raise the minimum £1m to ensure its [illegible] for another 18 months, the govern[illegible] would write off loans totalling £23.4m. Also the RTZ Corporation, which sold South Crofty and its sister mine Wheal Jane to management and employees in 1985, would forgive loans of £7.7m.

These loans are [illegible] but their presence on the balance sheet make it very difficult for South Crofty to raise more money.

[illegible] Crofty employs 260 people – most have taken regular cuts in pay to help the mine survive so far – and produces about 2,200 tonnes of tin a year in [illegible] (an [illegible]ate material), which is all sent for refining to the DKS smelter in Malaysia. The mine needs a tin price [illegible] about £4,000 a tonne to make a decent profit. The price peaked at £10,021 in February 1985 and fell to a 20-year low of £2,946 in September 1993. At present the [illegible] is about £3,400 a tonne.

Imports cut into Dutch flower power

One out of every eight roses sold in the European market is now grown in Africa, Latin America or Israel, writes Michael Griffin

As Holland celebrates the 400th anniversary of the tulip this summer, the horticultural industry to which it gave birth is being forced to adjust to a most curious of commercial phenomenon – undercutting from a new crop of African producers.

Cut flower growing has become a sunrise industry in the dark continent, with Kenya and [illegible] leading an expanding herd of commercial farmers eager to trade their dependance on cereals or tobacco for the greener fields of disposable floriculture. Aalsmeer Flower Auction, the largest of seven Dutch flower markets, reported a 82.5 per cent increase in rose imports last year, while [illegible] the BVH auction a flood [illegible] foreign stems knocked 40 per cent off rose [illegible] during the recent winter season.

[illegible], zero heating costs and lack of regulation of pesticide and fertiliser run-offs are all contributing to the movement abroad of this most typical of Dutch industries. But the trend is also market-led in that the selling peaks of Christmas and St Valentine's Day both occur when European production is low and unit costs correspondingly higher.

"What will happen," predicts Ms Margarette Worsfold, editor of the Flower Trades Journal, "is that the Dutch will suck in more flowers from Kenya, Colombia and other producers. They take up all the current oversupply and shove it through the auctions to make up for their own shortage."

One in eight roses sold in Europe is now grown in Africa, Latin America or Israel. Dutch wholesalers, with 59 per cent of the international flower trade, welcome [illegible] trend as an opportunity to expand their market with more competitive rates while preserving their margins. The auctions, which earn 6 per cent on every transaction, say imports [illegible] no threat to Dutch hegemony, although this is perceived less in terms of the [illegible] of domestic floriculture than the potential risk to the existing marketing and distribution chain of high volume, non-Dutch suppliers.

But the 11,000 Dutch growers, who established the auctions as co-operatives, have become increasingly resigned to losing the rose and carnation trade altogether – the equivalent of 42 per cent by value of Aalsmeer's total turn[illegible]. Though disdained as indi[illegible] of a [illegible] "[illegible] illiteracy", they remain the cornerstone of the wilting, but vitally important, "occasions" sector of the retail trade. Selling the more sophisticated products at which Dutch planters excel on the growing "impulse" market requires much greater strategic awareness.

"I think Dutch growers will always find varieties and niches in the markets to make the whole assortment complete," says Mr Niek Van Rest, managing director of the Flower Council of Holland, the industry's promotional arm. "You will see roses and carnations, in particular, largely taken over by other countries but new varieties will still be grown in Holland."

Nevertheless, there is much for the Dutch to celebrate in this anniversary year. Aals[illegible] 15km from Amsterdam, is the showcase of a £2.2bn business that ranks among the most competitive in the world. Some 20m stems pass beneath its digital auction clocks daily in homage to an industry that has successfully married the further shores of plant technology with a distribution system so smooth that it has virtually eliminated distance as an obstacle.

Though the double-digit increases of the 1980s are long gone, Aalsmeer reported a healthy 4.8 per cent rise in [illegible] for the first third of the year, incorporating a 2.7 per cent increase in Germany, Holland's biggest customer, and hefty growth in eastern Europe and Japan.

Full implementation of the Uruguay Round settlement in General Agreement on Tariffs and Trade would further prise open the Japanese market while giving greater access to the US. But the greatest growth potential lies in the transformation of moribund "occasions" markets, like the UK with its £19 a head annual flower consumption, [illegible] nations of impulse-buyers, like the Germans who spend over £30 each on flowers each year.

The two keys to this kingdom are an educated consumer and a larger number of retail outlets. Unlike Germany, regular flower buying has never been promoted in the UK, but that could be about to alter as supermarket chains, sensing the untapped demand, begin competing head-on with the traditional high street florists.

While the multiples have the resources and sales points to grow markets like the UK, however, they could also pose a threat to the eminence of the Dutch auctions in international flower trading. Britain's Marks & Spencer store chain, for example, sources its larger orders directly from Spanish growers, by-passing the auctions and their commissions altogether.

Aalsmeer's managing director, Mr Andre Mulder, is convinced there will always be a commercial need for an international clearing house for the flower trade but is concerned at the sheer scale of transactions taking place at his market. Ten thousand trucks a day rumble through its caverns and, on present growth, it will become unmanageable within a decade. In a bid to reduce congestion, Aalsmeer introduced a video-based selling system for pot plants in January, allowing growers to send only a sample to auction with the majority inspected electronically.

Such a system is unlikely to be viable for cut flowers and for much the same reason roses and gerbera will always be traded on a spot and not a futures market, however great the volumes handled.

"Flowers are perishable products", says Mr Mulder, "and it's not only a high-tech product, but a high-touch product. So if you really want to do business in the right way, you have to touch and see and smell the product."

Price war hits Far East plywood markets

By Kieran Cooke

Malaysian officials have warned of the dangers of a plywood price war and say Malaysian and Indonesian producers, who account for more than 90 per [illegible] of tropical plywood output, must co-operate [illegible] ensure the long term health of the industry.

Aggressive cutting has taken the price to $440 a cubic metre from US$550 in June and Mr Lim Keng Yaik, Malaysia's primary industries minister, [illegible] producers [illegible] holding back supplies to support the market. He warns that many customers, particularly in China, [illegible] buying because the price is now so fluid.

"It [illegible] continue to drop, perhaps even [illegible] a cu m, a price fetched by tropical plywood way back in 1988," says Mr Lim. "This is the time when producers have to pool resources and experience to weather the ongoing storm of a price slump."

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE (Prices from Amalgamated Metal Trading)

Precious Metals continued

GRAINS AND OIL SEEDS

SOFTS

MEAT AND LIVESTOCK

LONDON TRADED OPTIONS

ENERGY

PRECIOUS METALS

LONDON SPOT MARKETS

		+or-
Platinum (per troy oz.)	$404.25	-10.65
Palladium (per troy oz.)	[illegible]	-3.75
Copper (US prod.)	111.0c	[illegible]
Lead (US prod.)	37.75c	
Tin (Kuala Lumpur)	[illegible]	[illegible]
Tin (New York)	234.50c	-4.0
Cattle (live weight)†	117.87p	+3.89*
[illegible] (live weight)	94.86p	+10.28*
Pigs (live weight)†	67.14p	-0.96*
Lon. day sugar (raw)	$296.6	+3.1
Lon. day sugar (wte)	$339.0	+2.5
Tate & Lyle export	£305.0	+2.0
Barley (Eng. feed)	Unq	
Maize (US No3 [illegible])	$142.50	
Wheat (US Dark North)	£160.00	
Rubber (Sep)¥	87.0p	
Rubber (Oct)¥	86.0p	
Rubber KL RSS No1 Aug	318.0m	-5.5
Coconut Oil (Phil)§	$590.0z	+12.5
Palm Oil (Malay.)§	$540.0w	+5.0
Copra (Phil)§	$382.0	
Soyabeans (US)	£175.0w	
[illegible]n Outlook 'A' Index	77.95c	
[illegible]ops (64s Super)	440p	

£ per tonne unless [illegible] stated. p pence/kg. c cents/lb. r ringgit/kg. [illegible] t Oct/Dec. z Aug/Sep. w Sep. ¥ London Physical. § CIF Rotterdam. [illegible] market close. [illegible] Sheep (Live weight prices). * Change on week. † Prices are for previous day.

ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	[illegible]	-	[illegible]	[illegible]	12,543	[illegible]
[illegible]	100.50	-0.20	101.25	[illegible]	3,238	401
Jan	[illegible]	-0.20	104.30	[illegible]	3,020	[illegible]
[illegible]	107.25	-0.40	107.30	106.00	2,478	62
[illegible]	110.25	+0.20	110.00	110.00	[illegible]	[illegible]
Jul	[illegible]	+0.20	112.30	112.30	236	7
Total					[illegible]	[illegible]

Wool

New Zealand wool prices were higher again at a sale on August 4, with China active but western Europe and Japan also buying strongly. It is not always clear whether at such an early stage in the selling season there is pressure to cover urgent outstanding require[illegible] helping to raise prices which may not later be maintained, or whether the wool market is set on an even more definite upward trend than many already believe. Australian wool prices made no all-round further advances at this weeks auctions but the market there did close firmly after signs of limited softness on Tuesday and Wednesday. The Eastern States indicator closed at 680 cents, only one cent lower than a week before

VOLUME DATA

Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

REUTERS (Base: 18/9/31=100)

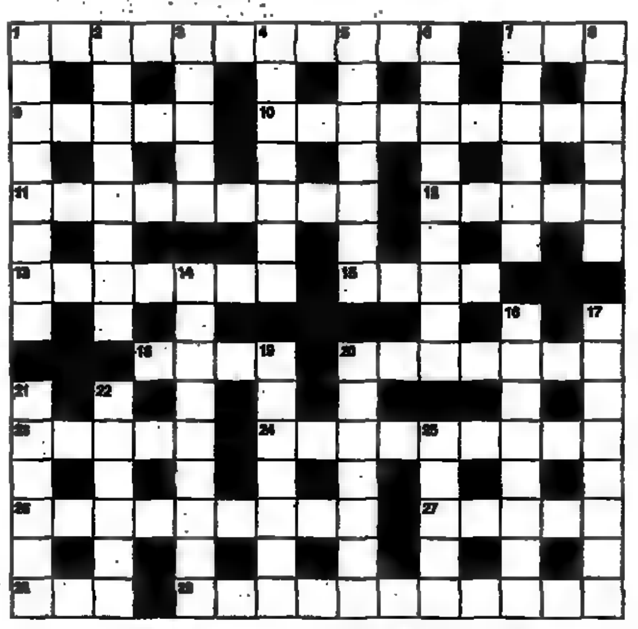
Aug 4	Aug 3	month ago	year ago
[illegible]	2080.4	[illegible]	1657.5

CRB Futures (Base: 4/9/56=100)

Aug 3	Aug 2	month ago	year ago
233.18	233.18	235.31	223.27

CROSSWORD

No.8,524 Set by FETTLER



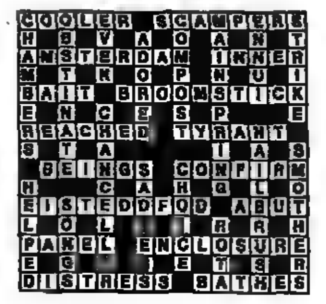
ACROSS

1 Hands out dishes (11)
7 Drink up after end of toasts [illegible]
9 Exclusive kitchen utensil (6)
10 His ancestors, pillaging, "won" English grain (9)
11 Frisky [illegible]un, pounding [illegible] dislodged rider (9)
12 Means odd society for those of high IQ (5)
13 What props up the finish [illegible] a story .... (4,3)
15 .... maybe spun .... (4)
18 ....initially, with energy, by spiders (4)
20 Joint for the head of the table [illegible]
23 She's [illegible] well, having relapsed (5)
24 Cram too many in past [illegible] gate (9)
26 Nude flits [illegible] without restraint (9)
27 National flag: Hibernia's first (5)
28 Fox now, but not forever (3)
29 Out [illegible] hostel, intern's done worrying (3-8)

DOWN

1 Spring [illegible] stir, bringing bugs (8)
2 Where to buy pumps [illegible] Oxford's dance (4-4)
3 Quick sortie [illegible] first [illegible] prisoners (5)
4 50% jailed, a[illegible] bribe was badly handled (7)
5 Dreamy time is over, the reckoning is here (4,3)
6 A belt about the side stops the vapours (5,4)
7 A number hid in thorny copse [illegible]
8 Correspondent who's soft on penal reform (6)
14 The Spanish "Evita", [illegible] on stage (9)
16 One bed in nine produces this narcotic (8)
17 Crack marksman, hit without shattering heads (4-4)
19 Turgid stream wells on! (7)
20 A pedal altered, cranked (7)
21 Accommodate now? Precisely (6)
22 Confined bumpkin in the Home Counties? To the contrary (6)
25 Something hot from [illegible] audience (5)

Solution 8,523



JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Renewed interest rate doubts depress shares

By Terry Byland, UK Stock Market Editor

Weakness in [illegible] bond prices, reflecting underlying worries over interest [illegible] prospects, [illegible] d[illegible] the UK equity market towards the close of yesterday's trading session. After moving erratically at first, the FT-SE 100-share Index closed 9.9 off at 3,150.5, only just above the low for the day.

The fall would have been greater but for gains in several pharmaceutical stocks as European investors pondered the implications of the $8.5bn bid for American Cyanamid from American Home Products, which has put [illegible] new – and higher – price tag on drug [illegible]pany [illegible].

The attention placed on the blue chip pharmaceuticals kept market turnover [illegible] satisfactory level, from the point of view of the market participants. But the general tone of the market was uninspiring, with August holiday factors taking effect among fund managers already evidently unwilling [illegible] chase stocks ahead.

At the day's low of 3,150.1, the Footsie was beginning to approach support levels, so traders were not unha[illegible] to see the index steady in the [illegible]l minutes. Profi[illegible] appeared to be less active across the broader range of second line stocks, where the FT-SE Mid 250 Index gained 10.6 at 3,700.2.

Wall Street was 9 Dow points [illegible] at the London close, and the unexpected dip in [illegible] jobless claims set the scene for data due today on US unemployment and payrolls. Any sign [illegible] economic recovery [illegible] stronger than expected would bring back [illegible] that the Federal Reserve may tighten credit policy.

On the other side of the interest rate balance, yesterday's disclosure that German industrial orders were strong in June suggested less pressure on the Bundesbank to trim its rates any further.

[illegible] early trading, [illegible] Footsie added nearly 6 points, largely under the influence of the [illegible] index futures sector. Shares in Zeneca, [illegible] year's [illegible] spin-off from ICI, rose sharply after disclosure of a gain in underlying profits for the first half; but part of the share gain related to the general speculation among drug stocks.

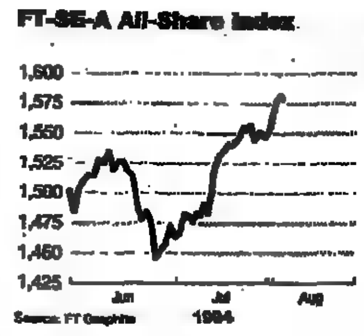
A more direct focus for speculation came in the advance in Well[illegible] which had [illegible] previously identified as a possible target by a US securities house.

Uncertainty in the [illegible] dollar [illegible] other [illegible] chip share sectors, the oil issues slipping back in modest turnover. The banking stocks, still responding to trading statements from the leading nam[illegible] were mostly firmer. Elsewhere, the modest improvements in the early part of the session served to bring out the profit-takers later. In[illegible] now take the view that, while UK interest rates are unlikely to rise for [illegible] least a month, the prospect of higher base rates may counterbal[illegible] the benefits of the flow [illegible] higher earnings and dividend announcements from British companies.

Interest rate-related issues closed with mixed changes, the dull spots being those building and construction stocks with a German focus. The excitement on the food retailing side died down, and shares in William Low traded at an acceptable discount to the 360p a share [illegible] bid with which Tesco scooped the victory from J. Sainsbury, the rival bidder which drew the line firmly at 305p.

Stock Exchange statistics for Wednesday's session showed that retail, [illegible] customer, business in equities remained high, returning an overall worth of £1.61bn. Trading volume, as measured by the Seaq electronic network, was again buoyant [illegible]sterday, with 670.6m shares traded compared with 711m on the previous day. But non-Footsie stocks made up around 62 per cent of yesterday's total, an increase on recent sessions and an indication of increased activity among the capital goods stocks represente[illegible] in the FT-SE Mid 250 Index.

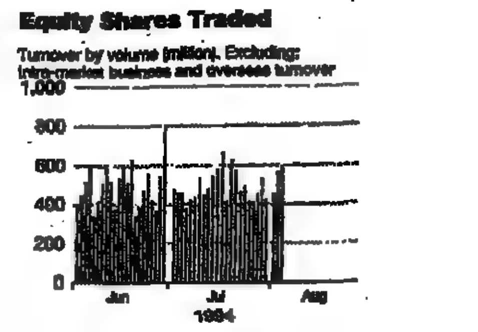
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	3150.5	-9.9	FT Ordinary Index	2461.6	-1.8
FT-SE Mid 250	3700.2	+10.6	FT-SE-A Non Fins p/e	[illegible]	[illegible]
FT-SE-A 350	1590.0	-2.8	FT-SE 100 Fut Sep	[illegible]	-17.0
FT-SE-A All-Share	1576.85	-2.36	10 yr Gilt yield	[illegible]	(8.41)
FT-SE-A All-Share yield	3.77	(3.77)	Long gilt/equity yld ratio:	[illegible]	(2.26)

Best performing sectors		Worst performing sectors	
1 Water	+1.4	1 Tobacco	-3.0
2 Retailers, Food	+1.3	2 Oil Exploration & Prod	-2.3
3 Electricity	+1.1	3 Telecommunications	-1.5
4 Pharmaceuticals	+1.0	4 Mineral Extraction	-1.2
5 Food Manufacturers	+0.7	5 Oil, Integrated	-1.1

Market focus on Zeneca

Well received first-half figures from Zeneca combined with previous hints in [illegible] market that the [illegible] pharmaceuticals arm of ICI could be a bid candidate, giving a healthy boost [illegible] Zeneca share price.

The company announced profits of £351m after a £100m exceptional charge. They [illegible] below [illegible] previous year's numbers but above the range of analysts' forecasts.

Mr [illegible] Porter [illegible] UBS said he remained a strong buyer but the 10.75p dividend was slightly disappointing. The [illegible] forecast 11p. Mr Paul Krikler of Goldman Sachs said: "The results were clearly above expectations and driven forward by [illegible] strong [illegible]gins in pharmaceuticals [illegible] agrochemicals." Analysts upgraded full-year forecasts by between £10m and £20m to a range of [illegible] to £790m.

There was some debate over how much of the exceptional charge had been anticipated in the market. The [illegible] reflected concern at the initial announcement, opening 8 lower. However, there was also debate over how much the final net rise for the stock of 24 to 795p was attributable to the profit figures. Traders said heavy London buying in the sector had been driven largely by speculative interest following the recent $8.5bn bid for American Cyanamid in the US.

Recs in demand

Market optimism ahead of the regulatory [illegible] d[illegible] continued unabated, further sharp gains being [illegible] by the regional electricity companies (recs). Offer, the industry regulator, is due to report on the new price [illegible] and there are market rumours that the review will be favourable to the companies.

Investment bank Strauss Turnbull added its weight by launching a call warrant on a basket of five recs. The cost of [illegible] warrant – which allows investors to exercise an option to buy the shares at the price on the day of purchase – is 25.08 based on a basket price of £31.95. Investors [illegible] have until February 1996 to [illegible] their warrants, which [illegible] in the meantime, tradeable in the market.

Among the most prominent rises, Northern added 20 at [illegible], Norweb 25 at 728p, [illegible] Wales 18 at 702p and Eastern 18 at 688p. PowerGen continued to benefit from the bullish mood and the start of its planned share buy-backs on Tuesday, climbing 6½ to 552p.

Low shares busy

The fallout from the [illegible] bid for William Low reverberated throughout the food retail sector, inspiring fresh acquisition speculation and reports of [illegible] inspired s[illegible]kbroking operations.

According [illegible] traders, [illegible]mon International, [illegible] US investment bank, had been busy throughout Wednesday buying in Low stock and selling Tesco in order to arbitrage between the two stocks. In particular, it is thought Salomon was aiming to benefit from the all-share alternative to [illegible] cash bid for Wm Low. Sources close to Salomon said the broker bought a hefty 10 per cent of the Scottish supermarket group during its buying spree.

Mean[illegible]le, it was the turn of Kwik Save to attract speculators yesterday as the shares forged [illegible] to 602p, alth[illegible] was only moderate. The talk was dismissed by analysts, who pointed [illegible] the large minority stake held by Dairy Farm, of Hong Kong, in Kwik Save.

J. Sainsbury, which lost out on the bid for Low, was at the centre of renewed speculation that it is about to make a large US purchase. [illegible] shares [illegible]d these suggestions, gaining 6 at [illegible]. Tesco put on 3 at 240½p, while Low steadied at 359p.

Reports that Sainsbury had reported a sharp rise in its soft drinks sales during the [illegible] hot weather in the UK [illegible]uted to a strong advance in Cadbury Schweppes, which added 12 at 453p.

Wellcome was driven forward a further 20 on bid speculation but slipped back to close only 9½ up at 685½p. [illegible] some support from [illegible] that Serevent, its anti-asthma treatment, had received approval in France.

The shares had been [illegible] off and closed unchanged at [illegible].

British Petroleum drifted [illegible] easier to 404p with 8.5m shares traded as UK investors cut long positions following the recent rally. Shell Transport was dragged down by the performance of its Royal Dutch arm and dipped 5 to 735p.

Engineering group TI closed 7 ahead [illegible] 412p after cheering the market with an 11 per cent increase in interim profits. Market watchers were particularly pleased by the improvement in the balance sheet. Analysts expect full-year profits of around £145m.

Glynwed International was another engineering [illegible] it reported half-time figures ahead of expectations. The shares put on 5 at 390p after brokers upgraded full-year estimates. The market range is now between £65m and £69m.

Automotive and aerospace group Lucas Industries eased a penny to 203p on reports that rivals Bosch, of Germany, and Fiat, of Italy, are setting up a joint venture in diesel engine fuel injection systems.

Speculation [illegible] Tiphook will announce a rights issue [illegible] continued in the market and [illegible] relinquished 4 to 30p.

Speciality chemicals [illegible] BTP put on 7 at 324p, with dealers talking of a big buy order going through the market as the company held its annual meeting and announced a £12.6m acquisition for its German unit.

Analysts said the ICI pension fund had been reducing its holding in the [illegible] the past few weeks via BZW, but yesterday the investment bank received a sizeable order for stock. ICI rose 2 to 858p.

Building materials [illegible] RMC gained 7 [illegible] after a positive note from UBS.

UBS issued [illegible] negative note [illegible] Courtaulds, sending the share price down 8 to 536p.

Insurance [illegible] conglomerate BAT Industries fell [illegible] to [illegible] on worries over [illegible] ruling by the US [illegible] and Drug Administration that tobacco is addictive.

Magazine [illegible] Inter[illegible]tional rose 14 to 812p ahead of first-half results due next Thursday.

Paper group David S. Smith added 10 at 558p after Panmure [illegible] the stock at the morning meeting.

News of the early break-out of [illegible] price war in the holiday market saw a predictable retreat for tour operator Airtours, off 10 to 449p with turnover a high 1.7m. Smith New Court said the stock still repre[illegible] good value. Owners Abroad rallied from an initial fall to close steady at 100p.

Estate agent Herring Baker jumped 13 to [illegible] as it [illegible] announced that property agency Conrad Ritblat, down [illegible] at 36p, had taken a 9.4 per cent stake.

MARKET REPORTERS: Peter John, Joel Kibazo, Christopher Price, [illegible]b Qureshi.

■ Other statistics, Page 16

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS ([illegible]).

BREWERIES (1) Holt (J), BUILDING & CNSTRN (1) Sheriff, CHEMICALS (1) Inspec, DISTRIBUTORS (3) Faber Prest, Northamber, ELECTRNC & ELECT EQUIP (3) Fairey, Philips, Tadpole, ENGINEERING (4) Bridon, Expamet Int'l., Ransomes Sims Pl., Renold, ENG, VEHICLES (2) GKN, LPF, EXTRACTIVE INDS (4) HEALTH CARE (1) Seton Healthcare, HOUSEHOLD GOODS (1) Victoria Carpet, INVESTMENT TRUSTS ([illegible]) LEISURE & HOTELS (1) Tottenham Hotspur, MEDIA (2) Metro Radio, Saatchi, OIL EXPLORATION & PROD [illegible] OIL, INTEGRATED ([illegible]) OTHER SERVS & BUSNS ([illegible]) PRTNG, PAPER & PACKG (2) Sappi, Smurfit (J), RETAILERS, FOOD (1) Greggs, RETAILERS, GENERAL (2) French Connection, Vendome Luxury Uts., S[illegible] CIDERS (1) Matthew Clark, [illegible] (3) TEXTILES & APPAREL [illegible] (1) [illegible] (1) NEW LOWS [illegible]

BUILDING & [illegible] (3) Andrews Sykes, [illegible] BLDG MATLS & MCHTS (1) Spring Ram, DISTRIBUTORS (3) Lex Service, Pendrag[illegible] ENGINEERING [illegible] Eadie, Vortex Energy [illegible] EXTRACTIVE [illegible] (1) Walhalla, FOOD MANUF (1) Canadian Pizza, HEALTH CARE (2) Nestor-BNA, Quality Care Homes, INSURANCE (2) Angerstein Wrts., New London Capital, INVESTMENT TRUS[illegible] Throgmorton Prfd. Inc., MEDIA (3) Quarto, [illegible] Kids, MERCHANT BANKS (1) Wintrust, PHARMACEUTICALS (1) Cantab Pharma., PRTNG, PA[illegible] (3) API, Fer[illegible] Int'l., Plysu, RETA[illegible] GENERAL (1) [illegible], SUPPORT SERVS [illegible], Mayo, TEXTILES & APPAREL (2) Allied Textile, Richards, TRANSPORT (1) Tiphook, AMERICANS (1) Eaton Corpn.

EQUITY FUTURES AND OPTIONS TRADING

Worries over interest rates and the weakness in the fixed income markets prompted selling in stock index futures, writes Joel Kibazo.

Having opened at 3,184, the September contract on the FT-SE 100 briefly moved ahead and touched 3,188 [illegible] the worries on inflation and interest rates took hold. The contract then went into decline, with the retreat in the fixed income markets leading [illegible] pressure on September.

Continuous selling saw it fall to 3,157, just shy of the 3,155 support level, and the premium to cash was significantly reduced in the process.

Dealers reported active arbitrage activity as the premium between [illegible] cash and futures narrowed, with traders busily buying September and selling equities.

The contract ended at 3,158, down 17 from the previous day's close and around two points above the fair value premium to cash of about 6 points. Volume was 9,477 contracts.

In traded options, turnover [illegible] to more modest levels. Some 24,227 contracts were dealt, against 36,649 lots on Wednesday. Just over 7,300 contracts were [illegible]ted in the FT-SE 100 option, and British Steel was the most active among the stock options with a total of 2,615 lots. It was followed by HSBC at 1,841 contracts and National Power at 1,467.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	3184.0	3158.0	-17.0	3188.0	[illegible]	9477	55478
Dec	3190.0	3171.0	-17.0	3190.0	[illegible]	50	3915

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

Sep		3700.0	[illegible]			0	[illegible]

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

Sep		[illegible]					835

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3150) £10 per full index point

[illegible]

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

[illegible]

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	[illegible]	60½	
Abbey National†	[illegible]	383	-4
Albert Fisher	411	46	
Allied-Lyons†	637	567	-4
Anglian Water	[illegible]	543	+6
Argos		385	+4
Argyll Group†	[illegible]	277½	+5½
Arjo Wiggins†	[illegible]	238	-1½
Assoc. Brit. Foods†	[illegible]	562	[illegible]
Assoc. Brit. Ports	1,500	257	[illegible]
BAA†	[illegible]	950	-12
BAT Inds.†	[illegible]	446	-14
BET	[illegible]	118½	+½
BICC	[illegible]	416	+1
BOC†	[illegible]	765	
BP†	8,500	404	-6½
BPB Inds.	985	338	-4
BT†	[illegible]	[illegible]	-6½
BT (Pt Pd)	[illegible]	[illegible]	-5
BTR†	[illegible]	368	-6½
Bank of Scotland†	[illegible]	194	
Barclays†	[illegible]	557	[illegible]
[illegible]	1,000	585	-4
[illegible]	1,400	[illegible]	[illegible]
[illegible]	40		
[illegible]	4,000	537	+5
Bowater†	325	481	+1
Brit. Aerospace†	[illegible]	514	
[illegible]	[illegible]	430	
[illegible]	8,600	260	-½
British Land	587	400	-3
British Steel†	9,600	160½	-2
[illegible]	132	158	-2
[illegible]	1,000	577	-1
Burton	2,400	69½	+¼
Cable & Wire†	3,600	[illegible]	-9
Cadbury Schweppes†	2,400	[illegible]	+12
Calor Group	57		
Caradon†	[illegible]	[illegible]	-3
Carlton Comms.†	[illegible]	[illegible]	-3
[illegible]	1,400	219½	+1
[illegible]	811	946	-3
[illegible]	822	237	-5
[illegible]	679	328	-3
Dalgety	677	438	+5
De La Rue†	394	[illegible]	
Dixons	2,300	204	+6
Eastern Elec.	1,700	[illegible]	+18
East Midland Elec.	1,000	[illegible]	+10
Eng China Clays	2,400	380	-3
Enterprise Oil†	2,200	428	-13
Eurotunnel Units	538	329	+1
FKI	4,300	182	
Forte	1,700	147	+2
Foreign & Col. I.T.	1,000	142	+½
[illegible]	[illegible]	[illegible]	[illegible]

FT - SE Actuaries Share Indices — The UK Series

	Aug 4	Day's chge%	Aug 3	Aug 2	Aug 1	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3150.5	-0.3	3160.4	3157.5	3097.4	2943.4	3.98	6.70	17.80	77.14	[illegible]
FT-SE Mid 250	3700.2	+0.3	3689.6	3673.4	3641.4	3362.3	3.34	5.80	21.49	82.02	[illegible]
FT-SE Mid 250 ex Inv Trusts	[illegible]	+0.3	[illegible]	[illegible]	[illegible]	3378.6	3.48	6.08	20.00	85.61	[illegible]
FT-SE-A 350	[illegible]	-0.2	[illegible]	[illegible]	[illegible]	1476.2	3.83	[illegible]	18.37	38.09	1221.44
FT-SE SmallCap	[illegible]	+0.2	[illegible]	[illegible]	[illegible]	1672.16	3.03	4.17	31.47	33.77	1439.12
FT-SE SmallCap ex Inv Trusts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A ALL-SHARE	1576.85	-0.1	1579.21	1576.29	1551.22	1481.06	[illegible]	[illegible]	[illegible]	37.15	[illegible]

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	[illegible]	58	10
Other Fixed Interest	1	3	11
Mineral Extraction	71	50	79
General Manufacturers	156	118	375
Consumer Goods	45	[illegible]	109
Services	100	71	335
Utilities	27	11	7
Financials	108	27	195
Investment Trusts	110	39	318
Others	51	34	47
Totals	674	480	1484

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings: 25 July; Expiry: 27 October
Last Dealings: 5 August; Settlement: 10 November

Calls: [illegible]

LONDON RECENT ISSUES: EQUITIES

[illegible]

RIGHTS OFFERS

[illegible]

FT GOLD MINES INDEX

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or –	1994 High	1994 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]		£22⅞	-⅛	£25⅛	£20¾	8,870	4.9	♦
[illegible]		195½	+1	278¼	179¼	2,616	4.9	28.4
[illegible]	†N□	380	-4	385	301	5,155	5.8	13.0
[illegible]	‡†N□	281	—	314	234	1,710	4.9	9.9
[illegible]	N□	60	—	70	60	169.6	7.4	10.6
[illegible]		797½	-12½	916¼	685	18,310	0.6	♦
Banco Bil Viz Pts		£18⅛	-⅜	£18¾	£14½	3,580	6.0	6.7
Banco Sant Pts		£29¼	+⅜	£30⅛	£23¼	4,259	5.1	9.9
Bk Ireland IE	‡N□	281	+1	319	246	1,326	4.6	8.1
Bank Scotland	‡†N□	184	—	247	172½	2,147	3.4	15.0
9¼pc Pf		115½	-½	151½	114	115.5	10.0	–
9¾pc Pf		120½	-½	148½	119¼	120.5	10.1	–
Barclays	‡N□	557	-3	640	487	9,082	3.4	23.1
Dai Ichi Kan Y		£12⅜	—	£12¾	£10⅜	38,343	0.4	–
Deutsche DM		£304¼	—	£344¼	£270⅞	14,483	2.2	–
Espirito Santo		£9⅞	+⅜	£13⅛	£9⅜	225.0	4.1	4.7
First Nat Fin	N□	80xd	—	90	80	111.4	2.8	–
6.3pc Cv Pf		79	—	90	77	[illegible]	10.1	–
7pc Cv Pf		127	—	171	123	60.2	6.9	–
Fuji Bank Y		1491½	+½	1949¼	1152½	43,208	0.4	♦
HSBC HK	N□	804	—	1133	680	14,079	3.7	11.8
HSBC (75p Shs)	N□	788	-2	1113	650	6,898	3.7	11.4
Lloyds	†N□	547	+5	660	519	7,078	5.3	10.9
Mitsubishi Y		£16⅞	-⅛	£18⅞	£15⅝	48,364	0.3	♦
[illegible]		1031	+⅛	1162¼	687½	12,354	0.5	16.0
[illegible]		784¼	+18	879	514	9,481	0.7	25.9
[illegible]	†	523½	+3½	600¼	489¾	7,008	5.4	10.9
[illegible]	†N□	471	+8	522	421	7,837	5.2	10.6
[illegible]		£30½	—	£30	£23½	117.5	6.2	♦
[illegible]	†N□	398	+2	528	377½	3,104	3.9	17.5
Sakura Y		£9⅞	—	£11	£9¼	30,524	0.6	85.7
Sanwa Y		£14⅞	—	£15⅛	£11⅝	41,182	0.4	♦
Standard Chartd	N□	278	+1	359¼	223	2,587	2.7	12.2
7 3/8pc Prf		93	+⅛	108½	89¼	93.0	9.9	–
Sumitomo Y		£13⅛	-⅛	£16⅛	£11½	40,936	0.4	27.2
Sumitomo Tst Y		972¼	+6¼	1149½	625	12,099	0.6	♦
TSB	†N□	205	-1	291	197	3,138	5.0	10.1
Tokai Y		£9⅞	+⅛	£9	£5⅞	17,385	0.7	32.4
Toyo Tst & Bk Y		804	-8¼	882	588¼	6,319	0.6	59.8
Westpac A$		221	-1	280	194	4,023	2.5	♦
Yasuda Tst Bk Y	‡	669¼	+¼	858	442	6,495	0.9	50.9

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind.		[illegible]	—	£27½	£13½	1,700	2.7	19.7
Barlow	7	[illegible]	—	£25½	£3½	[illegible]	0.7	—
Gold Flds Prop R.		112	—	113	76	11.5	8.3	ϕ
NK Props.		85	—	95	85	3.42	10.5	34.9
SASOL	♥	[illegible]	—	[illegible]	[illegible]	2,239	3.6	—
SA Brews		[illegible]	—	[illegible]	£10	2,351	2.3	19.6
Tiger Oats	†	[illegible]	—	[illegible]	[illegible]	[illegible]	2.0	12.8
Tongaat-Hulett		[illegible]	—	[illegible]	427½	617.2	2.3	18.0

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise [illegible] and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than [illegible] this is indicated after the name.

Symbols referring to dividend status appear in the notes column only as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

[illegible]

ϕ Yield based on prospectus or other official estimates for 1994.

e Dividend yield excludes a special payment.

ϕ Indicated dividend yield, p/e ratio based on latest annual earnings.

s Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.

K Yield based on prospectus or other official estimates for 1994.

L Estimated annualised yield, p/e based on latest annual earnings.

M Yield based on prospectus or other official estimates for [illegible]

Abbreviations: [illegible] ex dividend; [illegible] ex scrip issue; [illegible] ex rights; [illegible] ex all; [illegible] ex capital distribution.

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FT Cityline

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Call 071-873 4378 (+44 71 873 4378, international) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the [illegible] point; a short period of time may [illegible] before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

■ FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more [illegible]

Thornton Unit Managers Ltd - Contd.

Waverley Unit Tst Mngmt Ltd (1000)F

OTHER UK UNIT TRUSTS

INSURANCES

Abbey National Life Plc

Clerical Medical/Fidelity Investments

Friends Provident - Contd.

Lancashire & Yorkshire Assce Society

Laurentian Life plc

MGM Assurance (z)

Norwich Union Life Insurance Soc. - Contd.

Prudential Individual Pension Funds

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

MANAGEMENT SERVICES

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

For Target Intl Group see Premier Life

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تمكنداون الاصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are a[illegible] over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more [illegible]

LUXEMBOURG (SIB RECOGNISED)

	Init Chrge	Canc Price	Bid Price	Offer Price	+or -	Yield Grs
ABN AMRO Funds						
14 Rue Jean Monnet, L-2180 Luxembourg [illegible]						
[illegible]			[illegible]	[illegible]	[illegible]	[illegible]

Abtrust Fund Mngrs Luxembourg SA (a)

13 rue Goethe L-1637 Luxembourg 010 352 4040401

[illegible]

American Phoenix Investment Portfolios (a)

13 rue Goethe, L-1637 Luxembourg 010 352 4040401

[illegible]

BAII Intermarket Fund

[illegible]

Bank Von Ernst & Cie AG

[illegible]

HSBC Investment Funds Luxembourg SA (a)

[illegible]

Henderson Management SA (a)

[illegible]

Hypo Foreign & Colonial Port Fd Sicav(a)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES AND MONEY

MARKETS REPORT

Dollar awaits job news

The [illegible] dollar spent much [illegible] the day trading [illegible] narrow [illegible] the [illegible] and the D-Mark, as the markets [illegible] what [illegible] seen as crucial non-farm payroll figures today, [illegible] *Philip Coggan*.

Analysts [illegible] employment [illegible] will give [illegible] markets a crucial [illegible] Open Market Committee is likely to [illegible] at its [illegible] meeting [illegible] August 16.

Meanwhile [illegible] Italian lira [illegible] its [illegible] gains against the [illegible]. The Italian [illegible] formally approved the government's financial programme [illegible] the lira [illegible] from the perception that, with the holiday period about to start, political worries would subside for another month.

The Bank of Portugal followed up the [illegible] Spain's 15 [illegible] point [illegible] in [illegible] key money market rates [illegible] Wednesday.

[illegible] Portuguese cut [illegible] regular money market [illegible] for draining funds [illegible] 10.5 per [illegible] per cent, [illegible] lending [illegible] 13 per cent [illegible]. The escudo strengthened slightly against [illegible] D-Mark, closing [illegible] Es101.9/DM [illegible] on Wednesday.

■ The dollar spent much of [illegible] day hovering round [illegible] mark, closing in London at Y100.2 [illegible] Y100.175 on Wednesday night. Against [illegible] the [illegible] up to DM1.581, from the previous [illegible] close [illegible] DM1.5792.

Trading was thin, with markets showing [illegible] holiday lull. The US currency did receive a brief boost during [illegible] day, [illegible] rumours, [illegible] denied, that [illegible] had [illegible] Haiti.

Figures for jobless claims, [illegible] fell [illegible] compared [illegible] in [illegible] previous week, were largely ignored, [illegible] numbers [illegible] more [illegible] today's [illegible] payroll [illegible].

According [illegible] Mr Ian Gunner, international [illegible] Chase Manhattan Bank "some in [illegible] market [illegible] beginning to question whether [illegible] Fed will tighten [illegible] August 16, [illegible] for the following meeting in September."

[illegible] for the [illegible] is complicated by its recent close relationship with the Treasury bond markets. Strong payroll numbers, while making a Fed tightening more likely, will hit [illegible] market. Conversely, [illegible] payroll numbers will make [illegible] Fed's [illegible] credible, and will boost T-bonds.

Economists polled by Reuters are forecasting a rise in the non-farm payroll of 200,000 in July, well down on the 379,000 recorded in June, a figure boosted by the World Cup football tournament.

Meanwhile, evidence of the strength of the German economy emerged yesterday with buoyant manufacturing orders and a fall in seasonally adjusted unemployment to 2.575m in July from 2.593m in June.

■ After the Senate's passing of the finance package, the lira finished the day in London at L997.9/DM, having closed at L998.8/DM on Wednesday. Mr Jeremy Hawkins, senior economic adviser at Bank of America, [illegible] "There will [illegible] quiet period on [illegible] political front [illegible] Parliament going into recess. Some of the potential negatives have been laid to rest for the time being."

According to Mr Robert Thomas, director and head of research [illegible] Capital Markets, [illegible] the [illegible] days mean that Silvio Berlusconi (Italy's Prime Minister) is now going to be under [illegible] pressure. Mr Ian Gunner of Chase Manhattan thinks [illegible] lira is now likely to trade in the L990-L1,008 range for the near future.

But [illegible] Neil MacKinnon, chief economist at [illegible] in Europe said: "There are still question marks over the shelf life of the Berlusconi administration. [illegible] is by [illegible] means out of the woods."

■ Having [illegible] in [illegible] range [illegible] DM2.4250 during [illegible] morning, sterling regained a [illegible] of [illegible] against the D-Mark, eventually closing [illegible] up [illegible] DM2.4317 on Wednesday.

Against [illegible] dollar, [illegible] pound weakened slightly to [illegible] from Wednesday's [illegible] of $1.5899. Sterling's [illegible] 79.3, unchanged from Wednesday's finish, but [illegible] opening [illegible] 79.1.

However, Mr MacKinnon said [illegible] the impression that "most international [illegible] tors still consider sterling to be in a long term downtrend."

In the money markets, the Bank of England gave an initial £900m of assistance, adding further tranches of £250m, £62m and £165m later in the day to alleviate a shortage which was gradually [illegible] up from £1.15bn to £1.35bn. Overnight rates traded in [illegible] of [illegible] per cent.

Although expectations [illegible] an imminent [illegible] receded [illegible] with [illegible] publication of the [illegible] quarterly inflation report, [illegible] sterling edged down [illegible] further 5 [illegible] points yesterday, [illegible] still implies [illegible] increase [illegible] per cent [illegible] 21.

Mr [illegible] Persaud, head of currency strategy at J P Morgan in Europe said that "Market expectations are extremely fragile". [illegible] speculation was [illegible] by [illegible] Treasury bill auction [illegible] another [illegible] today.

Sterling

Against the D-Mark (DM per £)

Source: FT Graphite

■ Pound in New York

Aug 4	Latest	Prev. close
£ spot	1.5375	1.5425
1 mth	1.5365	[illegible]
3 mth	1.5363	1.5398
1 yr	1.5238	[illegible]

■ OTHER CURRENCIES

Aug 4	£	$
Hungary	[illegible] - 150.885	[illegible] - [illegible]
Iran	[illegible] - 2686.00	1748.00 - [illegible]
Kuwait	[illegible] - [illegible]	0.2977 - [illegible]
Poland	[illegible] - [illegible]	[illegible] - [illegible]
Russia	[illegible] - 3205.94	2079.00 - 2083.00
U.A.E.	5.6474 - 5.6589	3.6715 - [illegible]

POUND SPOT FORWARD AGAINST THE POUND

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

EMS EUROPEAN CURRENCY UNIT RATES

WORLD INTEREST RATES

MONEY RATES

EURO CURRENCY INTEREST RATES

UK INTEREST RATES

LONDON MONEY RATES

BASE LENDING RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

هكذا في الأصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Aug 4 / Sch)

BELGIUM/LUXEMBOURG (Aug 4 / Frs.)

DENMARK (Aug 4 / Kr)

FINLAND (Aug 4 / Mks)

FRANCE (Aug 4 / Frs.)

GERMANY (Aug 4 / Dm.)

ITALY (Aug 4 / Lire)

NETHERLANDS (Aug 4 / Fls.)

NORWAY (Aug 4 / Kroner)

SPAIN (Aug 4 / Pts.)

SWEDEN (Aug 4 / Kronor)

SWITZERLAND (Aug 4 / Frs.)

PACIFIC

JAPAN (Aug 4 / Yen)

AUSTRALIA (Aug 4 / Aust$)

HONG KONG (Aug 4 / H.K.$)

MALAYSIA (Aug 4 / MYR)

SINGAPORE (Aug 4 / S$)

NORTH AMERICA

CANADA

TORONTO (Aug 4 / Can $)

4 pm close

MONTREAL (Aug 4 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Aug 4 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (Daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, August 4, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	13.2m	361	+8	M'bishi Heavy	4.7m	812	+8
S'tomo Metal	9.0m	316	+6	Toray Inds	4.4m	778	+2
Mitsubishi	7.8m	1,190	-10	Kawasaki Steel	4.0m	412	+4
NKK Corp	7.3m	274	+8	Showa Denko	3.5m	380	+20
Meiji Milk Prod	4.8m	786	+1	Nippon Paint	3.1m	685	

INDICES

US INDICES

■ RATIOS

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

■ NEW YORK ACTIVE STOCKS

■ TRADING ACTIVITY

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4 pm close August 4

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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متداول الاصل

4 pm close August 4

NYSE COMPOSITE PRICES

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Yearly highs and lows for NYSE reflect the period from Jan 1 1993.

NASDAQ NATIONAL MARKET

4 pm close August 4

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AMEX COMPOSITE PRICES

4 pm close August 4

FINANCIAL TIMES Friday August 5 1994

AMERICA

Data flow brackets fall in equities

Wall Street

US stocks receded yesterday morning ahead of economic data which may influence the timing of the Federal Reserve's next move to tighten credit conditions, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 10.68 lower at 3,781.98, while the more broadly based Standard & Poor's 500 was down 1.27 at 460.19. Volume on the Big Board was moderate, with 176m shares traded by early afternoon.

In the secondary markets, the American SE composite was up 0.16 at 440.75, but the Nasdaq composite slipped 1.18 to 440.77.

NYSE volume

The session opened on a sour note. Share prices receded as investors were greeted by a piece of economic data which did not bode well for this morning's crucial July employment data. The Labor Department said that initial claims for unemployment benefit last week had declined by 10,000, suggesting that the economy was accelerating.

The market is looking for the opposite trend in today's report. Non-farm payrolls were expected to show a moderate increase of 200,000 last month. If the figure proved to be in line with expectations, the Fed could have sufficient evidence to delay its next move to lift short-term interest rates.

Weak July sales posted by the motor vehicle industry the previous session tended to support the optimistic scenario on rates, but were damaging to individual share prices.

General Motors lost $1⅞ to $51, Ford dropped $1⅞ to $29⅝ and Chrysler $1⅞ to $45⅛ after Merrill Lynch lowered its ratings on the stocks.

The securities house also downgraded several Big Three component suppliers. Eaton dropped $1⅛ to $49⅞, Magna International shed $1⅛ to $40⅛ and Dana lost $1⅞ to $27⅛.

Outside the motor vehicle sector, however, investors were reluctant to make any big moves in either direction, leaving most stocks to drift lower on profit-taking. The action closely mirrored the tone in the bond market, where prices were mixed.

The release of July sales data by leading retailers failed to generate much enthusiasm or concern, even though most stores showed continued improvement. Sears slipped $⅝ to $47⅝ and Gap Stores was marked down $⅝ to $38.

In pharmaceuticals, Warner Lambert continued to climb on takeover speculation. The stock put on a further $1⅞ to $74⅝, after gaining $3⅞ the previous session.

Lyondell Petrochemical was marked up $1⅞ to $27⅛ after Wertheim Schroder added the issue to its recommended list.

In their initial day of trading, Shandong Hueneng Power Development's ADRs were unchanged at $14⅛ on heavy volume of nearly 11m shares. The company is the first Chinese enterprise with a primary listing on the NYSE.

Canada

Toronto was narrowly mixed in aimless midday dealings as losses in bank stocks balanced gains in conglomerates and gold issues. The TSE 300 composite index dipped 1.52 to 4,204.53 in volume of 34.3m shares.

Gold shares led gains, with American Barrick rising C$⅛ to C$30⅞ and Placer Dome also C$⅛ higher at C$28⅝. Magna International lost C$2 at C$55⅛ after Merrill Lynch included it in a downgrade of four motor components makers.

Mexico

Share prices slipped in early trading on profit-taking after four straight days of gains.

The IPC index of 37 leading shares was off 15.04, or 0.6 per cent, at 2,552.27.

Telmex "L" shares were down 0.6 per cent and the "A" shares off 0.4 per cent. Telmex ADRs dipped $⅛ to $62⅛ on Wall Street.

Volume was 7.6m shares, with 47 shares traded, eight rising and 26 falling.

The index has gained 356.36 points or 16.1 per cent since July 21, helped by better than expected second-quarter company reports and investor confidence in a victory by the ruling party in the August 21 presidential elections.

S African golds tumble

Gold shares took a sharp tumble as the bullion price fell to $375 an ounce, but prices had stabilised by the close of trading.

The overall index lost 9 at 5,687, industrials rose 26 to 6,474 and golds weakened 41 to 2,086.

Gold issues had drifted lower for most of the day on increasingly bearish forecasts about the state of the gold market, but accelerated downwards as the metal suddenly dropped in mid-afternoon trade, before picking up off the lows.

Some industrials continued to do well on offshore demand and lack of scrip. But a weakening in the financial rand indicated net foreign selling.

News that the Congress of Trade Unions of South Africa had called off next week's regional stay away had no immediate impact on the JSE but was expected to improve sentiment, which had been dampened by the threat of labour action.

Demand continued for De Beers, which ended R1 higher at R117.50 after hitting a new peak in dollar terms of $26 in New York overnight. Anglos, dragged down by gold, shed R2 to R250.

Pick 'n Pay bounced a further 50 cents, or 4 per cent, to R13 in continued positive reaction to the resolution of a bitter 24-day strike.

EUROPE

Paris bourse falls back through the 2,100 level

Yesterday gave investors the opportunity for second thoughts after Wednesday's consolidation, *writes Our Markets Staff.*

At Barclays de Zoete Wedd, the European equity strategy team led by Mr Andrew Bell upgraded Spain, and downgraded Germany.

Spain, said Mr Bell, looked reasonable to cheap in p/e terms, and cheap against bonds which, in turn, were pricing in too much relative risk considering the improvement in inflation and wages.

"While investors may be inclined towards Germany, given stronger than expected growth," the team added, "the trend in our earnings estimates is disturbingly weak for a market with so much priced in. If this does not reverse, the market will have to give up relative ground."

PARIS eased towards the end of the session on a combination of factors both external and internal – a softer dollar and bond markets and a recurrence of profit-taking.

The CAC-40 index fell back through the 2,100 barrier, closing off 18.62 at 2,096.45. Turnover continued to express the seasonal tone, at about FFr3.5bn, below even the average of FFr3.8bn seem in July.

Rhône-Poulenc's first-half results came in line with most analysts' expectations and the shares improved FFr2.70 to FFr141.50, off the session's high of FFr143.

However, Goldman Sachs commented that underlying trends were better than had been expected and the outlook for the group was positive. Goldman considered that, since the bad news was now out of the way, the shares should see a period of moderate outperformance, forecasting that they could trade up to FFr160.

Euro Disney was another stock to find support yesterday following the news, which came after the market had closed on Wednesday, that its FFr6bn rights issue had been 80 per cent subscribed. The consortium of banks which underwrote the issue is now likely to sell remaining shares to Prince Al-Waleed Bin Talal, the Saudi investor, who agreed to purchase whatever shares remained at the issue price of FFr10. The market price rose 75 centimes to FFr10.75.

FT-SE Actuaries Share Indices

Aug 4 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1413.38	1411.79	1410.73	1410.90	1410.88	1408.95	1410.61	1409.28
FT-SE Eurotrack 200	1449.64	1446.90	1445.76	1446.70	1446.57	1445.31	1446.49	1446.61

	Aug 3	Aug 2	Aug 1	Jul 29	Jul 28
FT-SE Eurotrack 100	1416.07	1416.02	1390.30	1387.96	1372.12
FT-SE Eurotrack 200	1452.21	1450.03	1421.84	1415.61	1410.84

Base 1000 (26/10/90). High/day: 100 - 1413.38; 200 - 1449.64 Low/day: 100 - 1408.33 200 - 1444.46

FRANKFURT fell into the doldrums after its attack on the 2,200 level, the Dax index losing 15.56 at 2,183.36 on the session and subsiding further to close the afternoon at an Ibis-indicated 2,176.86, as turnover eased from DM8.8bn to DM7.7bn.

The Bavarian banks stayed weak after the disappointing Bayernverein report on Wednesday, chemicals saw more profit-taking and, at the pharmaceutical end of that industry, the impact of dollar weakness on Schering's profitability left the shares DM21 lower at DM938.

There was selective buying interest in engineering and metals, where Deutsche Babcock rose DM4.40 to DM263.20, Klöckner-Werke by DM6 to DM163 and Preussag another DM2.20 to DM478.20. Dealers in Frankfurt attributed this to sector rotation after the earlier enthusiasm for the automotive and chemical industries.

ZURICH finished easier, but above its lows in moderately active trade. The SMI index eased 5.4 to 2,615.3.

UBS bearers gave up SFr3 to SFr1,184 ahead of the bank's six-month figures today. Credit Suisse forecast that the UBS first-half net profits would fall by 35 per cent. Baer Holding bearers were SFr45 lower at SFr1,295 in response to Wednesday's news of a 24 per cent first-half profits decline.

Sulzer rose SFr8 to SFr968 after Credit Suisse issued a strong buy recommendation and predicted that the engineering and technology group could double its earnings in 1996.

Jelmoli, the retailer, rose SFr20 to SFr930 ahead of an announcement that it was to hold an extraordinary news conference today. The company declined to give further details or to comment on recent market rumours that its majority shareholders were seeking to sell the company.

AMSTERDAM bided its time ahead of the heavy results programme which begins in earnest next week, and as investors continued to take profits following the good results from Akzo Nobel and DSM earlier this week.

The two chemicals groups lost Fl 1.30 and Fl 2.80 respectively to Fl 218.20 and Fl 142.90 as the AEX index softened 1.09 to 419.79.

MILAN lacked direction as political worries receded with parliament heading into the summer recess. The Mibtel index eased 24 to 11,328 in very thin trade.

News that the net inflow into Italian mutual funds slipped sharply to L184bn in July from L1,120bn in June added to the downbeat mood.

Benetton fell L742 to L23,036, with the very low level of business tending to distort the price movement.

STOCKHOLM's Affärsvärlden General index fell just 2.90 to 1,497.20. But after the market close Astra said that the German health authority had suspended its licence for the intravenous injection of its anti-ulcer drug Losec for one year. The "A" shares were unchanged at SKr173, but were quoted SKr3 lower at SKr170 in London later.

ATHENS saw international investors back in the market, pushing the general share index up 10.36, or 1.2 per cent, to 906.58 after a midsession high of 912.03.

Carnegie International saw no fundamental reasons for this, or the cumulative gain of over 60 points this week, but it said that new issues were performing well, and expected the improvement to be sustained.

Written and edited by William Cochrane, John Pitt, Michael Morgan and Kai Wiecking

ASIA PACIFIC

Nikkei ahead as Kuala Lumpur posts five-month high

Tokyo

Foreign investors bought large-capital stocks, while individuals targeted speculative favourites, and the Nikkei 225 average made a marginal improvement after fluctuating within a narrow range, *writes Emiko Terazono in Tokyo.*

The index gained 44.11 at 20,676.84 after a day's low of 20,565.21 and high of 20,700.94. A fall in bond prices, reflecting the rise in the dollar above the Y100 level, caused jitters among some investors.

Volume totalled 270m shares, against 304m. The Topix index of all first section stocks firmed 3.21 to 1,656.52 and the Nikkei 300 was up 0.39 at 300.74. Rises led falls by 544 to 418, with 207 issues unchanged. In London the ISE/Nikkei 50 index put on 0.86 at 1,341.21.

While investors have been cautious of the stronger yen and the negative effects on the economy, traders said implications for profit margins – due to lower costs – had yet to be discounted in share prices.

Salomon Brothers in Tokyo said: "The pass-through effects of the stronger yen have significantly lowered input costs and improved terms of trade for many industries." The effects were likely to continue in coming quarters, putting downward pressure on costs, it added.

But yesterday's activity did not centre on fundamentals. Instead, overseas investors bought low-priced laggards, including chemicals and shipping lines, while individuals dabbled in speculative shares.

Steels were higher on foreign buying: Nippon Steel rose Y8 to Y361. Navix Line, a shipping company, gained Y20 at Y384 and Kawasaki Kisen rose Y19 to Y381. Showa Denko, a chemicals manufacturer, climbed Y20 to Y360.

Takasago International, an aromatic chemicals maker, advanced Y13 to Y825. The company, which also makes fragrance chemicals for cigarettes and tobacco, was sought by investors looking for beneficiaries of Japan Tobacco's listing this autumn.

East Japan Railway, which fell on profit-taking on Wednesday, appreciated Y2,000 to Y527,000.

In Osaka, the OSE average put on 18.08 at 23,011.26 in volume of 132.5m shares. Trading volume rose on selling and buying back of shares by companies looking to realise profits on their holdings without changing their portfolios.

Roundup

A positive tone was evident throughout much of the region.

KUALA LUMPUR posted its highest close for more than five months as early profit-taking gave way to blue-chip buying by foreign funds. The composite index added 7.74 at 1,086.80.

The market's rise has come against a background of robust earnings reports by financial institutions, signs of lower inflation and reduced fears about overseas bourses.

Foreign demand for Hicom Holdings pushed the conglomerate up 35 cents to M$7.10.

SHANGHAI A shares rose a further 8.1 per cent in record daily turnover as investors withdrew funds from the bond market and switched cash holdings into stocks.

The index of shares available for local investors gained 42.99 at 572.78 as the market was given additional encouragement by a report in the China Securities newspaper saying thatthe authorities were examining plans to supply loans to brokerages in their efforts to boost investment.

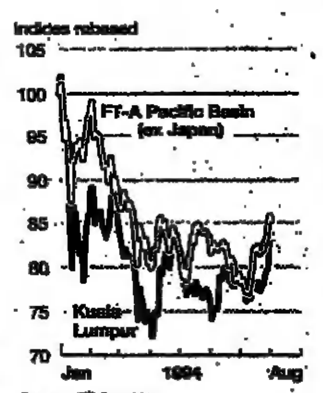
Turnover was Yn10.5bn compared with a previous all-time high of Yn5.32bn in March this year.

Shanghai's B shares ended down on profit-taking after five successive trading days of gains. The index lost 1.22, or 1.7 per cent, at 72.61. In Shenzhen, the A index climbed 3.72, or 2.5 per cent, to 150.13; the B index rose 3.18 points, or 3.1 per cent, to 104.49.

HONG KONG was pulled higher by finance and property issues after a cautious session which saw both profit-taking and bargain hunting. The Hang Seng index rose 56.96 to 9,642.85 in HK$4.5bn turnover.

Japanese institutions sold blue chips early in the day and foreign funds and some local investors picked up bargains in their wake.

HSBC put on 75 cents at HK$95.75 ahead of results on August 15, while Wing Lung Bank led the gains, rising HK$1.25, or 2.2 per cent, to HK$59. Swire Pacific "A" added HK$1, or 1.55 per cent, at HK$65.50.



Source: FT Graphite

SEOUL saw renewed demand for some blue chips and shares with low price/earnings ratios but trading remained thin. The composite index firmed 4.02 to 927.49, with selling pressure by investment trusts continuing to restrain the market.

Posco advanced Won800 to Won75,300 and Sasmung Electronics added Won1,500 at Won90,500. But Hyundai Motor lost Won200 at Won44,900 on selling by investment trusts, which have been heavy sellers because they are due to pay back a total of Won850bn of soft loans from the central bank by August 12.

SINGAPORE rebounded late in the session after earlier profit-taking, and brokers were divided on whether the market was still on track for a full-scale rally. The Straits Times Industrial index closed 4.04 up at 2,271.17.

Creative Technology continued to fall sharply, closing S$2.70 lower at S$31.30: a number of brokers have issued sell recommendations. Keppel jumped 40 cents to S$10.90 ahead of results.

SYDNEY recovered from a dull start as foreign buying picked up during the afternoon. News Corp advanced 17 cents to a seven-week high of A$8.98, but Advance Bank shed 67 cents to a three-week low of A$9.27. The All Ordinaries index closed 11.2 up at 2,083.5, after an early low of 2,064.3.

MANILA continued to attract foreign demand, which pushed prices higher before some profits were taken late in the session. Good corporate second-quarter results added to the market's momentum.

The composite index rose 13.34 to 2,897.62 in turnover of 1.7bn pesos.

TAIPEI was driven by late buying in electronics which took the weighted index up 66.01 to 6,789.57. However, turnover dropped to T$85.3bn from Wednesday's T$129.7bn.

Electronics led the market, with ASE and United Microelectronics both up by the daily 7 per cent limit, to T$107 and T$146 respectively. Financial and cement stocks eased.

WELLINGTON featured Telecom, which shrugged off an indifferent opening to close solidly ahead after reporting first-quarter profits at the higher end of expectations. Telecom gained 9 cents at NZ$4.99, having initially slipped to NZ$4.86, and the NZSE-40 capital index rose 19.68 to 2,101.88 in turnover of NZ$71m.

BOMBAY recovered its composure after the finance minister's denial of rumours that he planned to resign prompted renewed domestic buying. However, further selling by foreign investors restrained the advance and the BSE 30-share index ended 19.35 ahead at 4,300.99 after reaching 4,331.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY AUGUST 3 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY AUGUST 2 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (68)	173.50	-1.2	167.04	109.86	142.44	157.64	-0.7	3.60	175.63	169.12	111.48	144.40	158.77	189.15	139.24	144.45
Austria (17)	191.38	1.0	184.25	121.18	157.12	157.14	0.9	1.02	189.44	182.42	120.24	155.75	155.70	195.41	163.24	164.13
Belgium (37)	176.09	0.1	169.54	111.50	144.57	141.15	0.0	3.92	175.88	169.36	111.64	144.60	141.14	176.67	143.62	147.35
Canada (105)	128.57	0.4	123.78	81.41	105.55	129.25	0.3	2.62	128.07	123.32	81.29	105.29	128.84	145.31	120.54	126.16
Denmark (33)	275.27	0.2	265.02	174.30	226.00	232.54	0.1	1.26	274.61	264.43	174.30	225.77	232.28	276.79	211.26	220.30
Finland (24)	163.61	0.2	157.52	103.60	134.32	178.50	0.0	0.78	163.20	157.16	103.59	134.18	178.51	163.61	104.28	104.56
France (97)	180.93	0.1	174.20	114.57	148.54	153.17	0.0	2.67	180.72	174.02	114.71	148.58	153.21	185.37	158.43	158.45
Germany (58)	147.24	0.6	141.76	93.24	120.88	120.88	0.5	1.71	146.38	140.94	92.90	120.33	120.33	147.24	117.62	117.62
Hong Kong (58)	389.51	-1.4	375.02	246.65	319.80	386.33	-1.4	3.14	394.89	380.35	250.72	324.75	391.75	506.56	286.76	288.77
Ireland (14)	205.75	1.8	198.10	130.29	168.93	190.74	1.6	3.20	202.14	194.65	128.30	166.19	187.72	209.33	161.54	166.11
Italy (61)	87.72	1.1	84.46	55.55	72.02	103.31	0.5	1.47	86.78	83.56	55.08	71.35	102.77	97.78	57.88	71.97
Japan (469)	164.75	0.3	158.62	104.32	135.26	104.32	0.0	0.73	164.29	158.20	104.28	135.07	104.28	170.10	124.54	157.92
Malaysia (98)	517.02	0.7	497.79	327.39	424.49	512.84	0.1	1.82	513.61	494.58	326.01	422.27	512.07	621.83	355.08	355.08
Mexico (18)	2171.58	2.5	2090.77	1375.08	1782.87	8029.29	2.0	1.86	2119.52	2040.96	1345.33	1742.56	7870.97	2647.08	1615.11	1634.45
Netherland (27)	214.46	0.2	206.48	135.80	176.08	173.80	0.1	3.26	214.11	206.16	135.91	176.04	173.46	214.46	169.80	172.06
New Zealand (14)	70.86	0.1	68.03	44.74	58.01	62.50	0.5	3.83	70.58	67.96	44.80	58.03	62.17	77.59	56.53	55.53
Norway (23)	211.03	-0.3	203.18	133.63	173.26	197.57	-0.4	1.67	211.74	203.90	134.40	174.08	198.37	211.74	159.54	160.69
Singapore (44)	358.40	0.0	345.06	226.95	294.25	248.90	0.0	1.69	358.25	344.98	227.40	294.54	248.88	378.92	260.50	260.50
South Africa (59)	293.74	0.7	282.81	186.00	241.16	291.80	0.4	2.13	291.69	280.89	185.15	239.82	290.73	293.74	175.93	212.12
Spain (42)	148.62	-0.3	143.09	94.11	122.02	146.49	-0.4	3.94	149.08	143.53	94.61	122.55	147.04	155.79	119.36	121.84
Sweden (36)	227.17	0.3	218.71	143.85	186.51	259.10	-0.2	1.54	226.49	218.09	143.76	186.21	259.59	231.35	175.83	179.60
Switzerland (47)	160.56	0.0	154.58	101.67	131.82	132.78	0.0	1.83	160.61	154.65	101.94	132.04	132.81	178.58	127.57	130.51
United Kingdom (204)	198.59	0.1	191.20	125.75	163.05	191.20	0.1	3.96	198.31	190.96	125.87	163.04	190.96	214.98	178.95	180.42
USA (519)	188.56	0.2	181.54	119.40	154.80	188.56	0.2	2.86	188.24	181.26	119.48	154.76	188.24	198.04	178.95	183.70
EUROPE (720)	174.90	0.2	168.39	110.75	143.60	158.22	0.1	2.94	174.47	168.01	110.75	143.44	158.00	178.58	148.45	149.06
Nordic (116)	222.03	0.2	213.76	140.59	182.28	216.59	-0.1	1.37	221.51	213.30	140.60	182.11	217.21	222.03	170.34	170.94
Pacific Basin (749)	173.33	0.1	166.88	109.76	142.31	114.67	-0.1	1.05	173.12	166.70	109.88	142.33	114.76	175.86	134.78	161.29
Euro-Pacific (1469)	173.87	0.2	167.40	110.09	142.74	131.99	0.0	1.85	173.58	167.13	110.16	142.69	131.97	173.89	143.68	156.15
North America (624)	184.84	0.2	177.96	117.04	151.75	184.48	0.2	2.85	184.50	177.67	117.11	151.69	184.16	192.73	175.67	180.14
Europe Ex. UK (516)	158.12	0.3	152.23	100.12	129.81	138.17	0.1	2.34	157.64	151.79	100.06	129.60	137.97	158.12	129.31	129.48
Pacific Ex. Japan (280)	257.84	-0.7	248.25	163.27	211.69	230.82	-0.7	2.79	259.71	250.06	164.85	213.52	232.38	295.21	194.85	194.85
World Ex. US (1651)	175.01	0.2	168.49	110.82	143.68	135.46	0.1	1.87	174.62	168.15	110.84	143.57	135.39	175.01	145.58	156.68
World Ex. UK (1966)	176.51	0.2	169.94	111.77	144.92	148.20	0.1	2.03	176.15	169.62	111.81	144.82	148.07	176.51	155.96	163.14
World Ex. So. Af. (2111)	177.75	0.2	171.14	112.56	145.94	151.05	0.1	2.21	177.41	170.83	112.61	145.85	150.91	178.58	156.54	164.45
World Ex. Japan (1701)	187.94	0.2	180.95	119.01	154.30	179.83	0.1	2.85	187.62	180.67	119.09	154.25	179.62	195.20	169.89	170.33
The World Index (2170)	178.47	0.2	171.83	113.01	146.52	152.09	0.1	2.21	178.11	171.51	113.05	146.43	161.96	178.97	158.85	164.87

Latest prices were unavailable for this edition.